

BRITISH UNEMPLOYMENT POLICY

THE MODERN PHASE SINCE 1930

By the same Author

THE UNEMPLOYED

OLD POLICIES AND NEW

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By

RONALD C. DAVISON

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PREFACE

My aim in this book is to give an account of British unemployment and the transformations of public policy for dealing with it in the years from 1930 to 1937. The main reason for choosing 1930 as the starting point is that events in this field prior to 1930 have been described and analysed by Sir William Beveridge in the 1930 edition of his book, *Unemployment: A Problem of Industry*, and in a lesser work of my own, *The Unemployed: Old Policies and New* (1929). No one, however, has yet ventured to publish a similar study on the next seven eventful years, years in which mass unemployment and the measures for coping with it dominated the domestic scene in Britain more than ever before. That period begins with the economic collapse of 1930, leading rapidly to the national crisis of 1931, which centred largely round unemployment. There followed the slow process of recovery from 1932 to 1937.

Each phase had its powerful impact upon our public services for the workless. In 1931 the Means Test was introduced for over half the registered unemployed. In 1932 the Royal Commission on Unemployment Insurance reported and in 1934 the new Unemployment Act stabilized insurance and created a new centralized assistance service in the Unemployment Assistance Board, in order to carry the off-insurance

applicants who were in need. A few months later came the initial breakdown of the Board's Regulations and the curious expedient of the Standstill Act. In 1936 the Board was set on its feet again with revised regulations. Meanwhile another wholly new service was launched for four defined regions of exceptional distress, and the two Special Areas Commissioners were appointed.

These have been the leading events. In preparing to write an account of them and their causes I assumed at first that there would be nothing for it but to study in five or six specialized chapters the record of each particular aspect of our recent unemployment history. I should have to deal with the measure of employment and unemployment in the seven-year span and devote separate chapters to insurance policy, needs payments to the unemployed, training, welfare, etc. But there is an obvious drawback to such a method of presentation; it blurs the historical perspective and the all important political values; it misses much of the drama of the periodic crises that shook our national life from 1930 onwards. Moreover, the various unemployment services have evolved as a whole, each section having its reaction on the others. I have, therefore, written the first four chapters as a running narrative of the course of events from before the Great War up to 1937, a composite story of policy and politics in chronological order so far as possible.

The regional problems of the Special Areas and the official training schemes are, however, treated separately in Chapters V and VI. Various statistical notes and a measure of the total cost of unemployment will be found in the appendices. In the text of the book I have deliberately reduced the amount

of technical detail about unemployment insurance and assistance to a minimum or to footnotes.

But a bare statement of official policy would be meagre fare. Readers will want to know, not only what was done, but why it was done and how it worked in practice. I have tried to rise to this demand; to mix fact with comment. But, in thus elaborating the history of events, it is impossible to avoid some contentious statements. Expressions of personal opinion are inevitable and justified, especially when there is no conclusive official verdict to quote. I can, however, disclaim the intention of advancing here any new theories about unemployment policy or beating any propagandist drum. I simply wish to explain. The reader will, I hope, be able to gain from the book a fair understanding of the position of British Unemployment Policy at the end of 1937 and of the steps by which that position was reached.

RONALD C. DAVISON.

December 1937.

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CHAPTER I

A DIARY OF EVENTS UP TO 1934

1. THE PERIOD BEFORE 1930
2. THE PERIOD FROM 1930 TO 1934

CHAPTER I

A DIARY OF EVENTS UP TO 1934

1. *The period before 1930.*

THE history of modern unemployment policy really begins before the Great War. This is not so much because of the extent of the pre-war problem, as because there was a fundamental change in the attitude of the community towards its unemployed citizens about the years 1909 to 1911. It was then that the new sense of social responsibility took shape in the creation of a national system of employment exchanges and a limited experiment in compulsory unemployment insurance. The former were to reduce unemployment to the minimum, whatever the state of the labour market; the latter was to compensate the genuine worker for unavoidable interruptions of wage-earning. Neither institution cut much of a figure to begin with; they were indeed frankly unpopular. But during the war the national system of exchanges proved to be a godsend as a means of mobilizing all our man power, and, from 1920 onwards during the successive waves of economic depression, the much enlarged insurance scheme had to bear the brunt of catastrophe. In each case we were exceedingly fortunate to have the machinery ready to hand and a personnel already skilled in the use of it. The two services were, of course, interlocked and, after 1916, under the control of a new government department—the Ministry of Labour.

In the years that followed 1920 this combined machine had a rough time. It was used by distracted governments as the chief instrument for coping with an unprecedented problem of mass unemployment. About half the unemployed had done too little work to qualify for benefit under the rules. But this was no time for the nice observance of insurance principles. The limited liability of the contributory scheme was discarded, together with the fixed ration of one week's benefit to every six contributions, called the "one in six" rule. With an unemployed register numbering at all times between 1,000,000 and 2,000,000, benefit rights were extended to all the insured class on practically the same terms as to those contributors who conformed to the original insurance contract. Furthermore, the rate of weekly payment was increased so as to bear some resemblance to a maintenance and the addition of dependants' benefit, which had no logical place in a flat rate scheme, was granted in 1921, never to be withdrawn. There was no test of means or needs for the insured class. The natural consequence of all this was that the Insurance Fund which started with a surplus in 1920 ran deeply into debt and the whole conception of a contributory scheme was very nearly submerged.

It is easy, in retrospect, to condemn this phase of British administration as slipshod and dangerous. The trouble was that, at the time, the only alternative policy open to ministers was an exceedingly unpalatable one—to tighten up the contributory condition for benefit and leave the non-benefited to apply to the local poor law, if they were sufficiently destitute. The poor law (under the Boards of Guardians till 1930) was already doing its bit, relieving those who somehow fell through the meshes of the benefit

net or were not insured, but it was another matter to risk turning half a million genuine unemployed into legal paupers. Probably the number would have been considerably smaller, because, in those days, out-relief was not so easy to come by as it was after 1931, and there was more stigma attaching to it. Many would have refrained from applying. Even so, in the bad areas, the local Boards of Guardians would soon have been weighed down into bankruptcy.

No alternative service of needs payments (like our modern Unemployment Assistance) then existed and none was even suggested to the Government until 1930 or later. Therefore benefit as a *right*, without inquiry into means, had to be extended year after year, not quite to all comers, but to practically anyone who could prove that he had worked in an insured trade at some time. Various discretionary powers of disallowance were vested in successive Ministers of Labour, but they were difficult to apply and did not come to much in practice.

The rates of benefit were raised, lowered and raised again. For the greater part of the period they were definitely low as compared with the 1937 rates. It was not their sumptuousness that made benefits attractive; it was the fact that they could be drawn as a legal right without inquiry into personal circumstances. These were the years when British workers acquired the habit of possessing this legal right to a fixed sum during unemployment. They came to regard the local employment exchange as a bank where, subject to the rules, they always had a balance, and this sense of rights entered into the very grain of British social life.¹ The money they could draw

¹ On the whole the ordinary benefit rules and disqualifications were well understood and accepted, with perhaps one exception. That exception was the suspension of benefit up to six weeks for "voluntary leaving employment"

might be far less than their needs, or they might not need it at all. In the former case only the very exceptional family applied to the poor law for a supplementary aid. The majority carried on somehow.

Herein British experience differed from that of any other country at the time, and the difference still persists. Everywhere else reliance on relief administered according to the rough formula: "Needs minus resources," was so common, and the possession of rights to benefit so relatively uncommon, during periods of mass unemployment, that the method of a needs test continued to be accepted as part of the natural order of things. In England, since the war, it came to be viewed with a fierce repugnance that surprised foreign observers. To the typical independent British worker, insurance benefit was welcome, but after the experience of those early post-war years, allowances which depended upon the result of a home visitation and the assessment of household income were psychologically and ethically distasteful. Whether reasonable or not, this fact forced itself into all our political and economic calculations.

Mass unemployment meant mass relief and the distribution of maintenance proved to be a sufficiently absorbing task; but governments up to 1930 did not omit to try other palliatives and remedies for unemployment. For the individual, industrial training (1926) and aided transference (1928) were initiated by the Ministry of Labour. There was land settle-

There was (and still is) a continual stream of claims from people who abandoned their jobs. Many insured persons think that, after years of contributory work, they have a right to a spell on benefit "like anybody else." Thus a father writes indignantly to his local Exchange "My daughter, Gladys, has paid into your scheme for four years and every time she tries to draw a bit of benefit, you find her a job. It isn't fair!" There are many such.

ment at home and settlement overseas. For hard-pressed industries there was a beginning of subsidies, loans and trade facilities. Above all there was, for ten years, a continuous, though despairing, adherence to the doctrine of public works to create jobs. Some £700 million was estimated to have been spent by central and local authorities for the direct or indirect purpose of giving employment, but with little result. It was like sweeping back the flood with a broom; the impression made on unemployment was local, temporary and slight. Perhaps the pace of this public expenditure was too slow and H.M. Treasury was too niggardly. It did not seem so at that time, but, some years later, America tried the experiment on a more generous scale. In 1933-36 President Roosevelt showed the world how to be really lavish with relief works and actually succeeded in giving wages to 3,000,000 unemployed. Whether he thereby succeeded in "priming the pump" of American industry is still a disputed question.

Certainly the policy of "made work" or specially expedited contracts for roads, parks and drainage had little success in this country up to 1930 and was ultimately abandoned in 1931. In that year the expenditure of the Unemployment Grants Committee on direct relief works was over £30 million and the employment afforded thereby reached its peak. That peak number was not sensational; it was 59,000 men. All these efforts were, however, sidelines. The issue which increasingly dominated the political scene was: how to provide a maintenance for the unemployed, numbering with their dependants three or four millions of citizens. Some moralists still held to the pre-war precepts that the Government doles were the direct cause of most of the unemploy-

ment; others that benefits were disgracefully small and hampered with petty restrictions. On the whole, public sentiment became more and not less generous and, in the absence of any needs test, there was undoubtedly a tendency for abuses to creep in.

Governments both of the Right and the Left knew that they were not doing the job well, but they had their excuse. Their excuse was that they were overmastered by an emergency, that the collapse of the labour market was unprecedented, that it all arose out of the war and that it was temporary. Year after year, ministers and leading bankers said they saw a good time coming just round the corner. They were wrong; there was worse to come. After a flutter of recovery in 1927 to 1928, the world depression set in and British unemployment figures rose higher than ever before. The period closes with a legislative act in January, 1930, which marks the extreme limit of relaxation of benefit rules. Under the Unemployment Insurance Act, 1930, the rules and procedure for disallowances were altered in favour of claimants. The condition of "genuinely seeking work" which had been imposed since 1924 was suspended, and the ordinary rates of benefit were slightly improved. The Treasury had to shoulder the cost of that section of benefit which could definitely be called non-contributory, thus doing tardy and partial justice to the insurance scheme. Even so, the Insurance Fund proper was nearly £100 million in debt and was still borrowing. There was, indeed, a certain irony about the situation which was concealed at the time. The new act, like its predecessors, was based upon wilful optimism. No sooner had this well-meant legislative gesture to the unemployed reached the Statute Book than the bottom fell out of the labour market and the

real crisis of unemployment was upon us. To expand benefits and relax conditions just before the onset of the world depression looks reckless in retrospect, but that was hardly to be perceived at the end of 1929. In fact, it was not so much the generosity of the scales that was at fault as the wide opening of the door to claimants who had no moral title to any such payment at all. Abuses were encouraged, but being legal, are better described as anomalies. The special test of "genuinely seeking work" (1924 to 1930) may have been artificial and odious; the trouble was that nothing was put in its place to check the accumulation of spurious claims from people who were not genuinely in the labour market, or who, for other reasons, had no moral title to benefit.

The evolution of unemployment policy in the years prior to 1930 is not the proper subject of this book; the bare outline given above is only intended to serve as an introduction to events in the modern period. Two further generalizations should be mentioned in conclusion: as a result of compulsory insurance giving rights to payments, the word "unemployment" acquired, after 1920, a new meaning in people's minds. On the one hand thousands, who would never have regarded themselves as really unemployed, were careful to sign on at the Exchanges in case there was a chance of benefit. They thus swelled the monthly census. These included casual and seasonal workers and many married women who were only intermittently available for employment. The man who was only "out" for a few days between jobs was in the same class. On the other hand, the detailed recording of unemployment and the large monthly totals published by the Ministry of Labour forced parliamentary and public attention to the

problem and kept it there. In other countries, with less-developed machinery or none at all, the call to the sense of social responsibility and the stimulus to political action was much less imperative.

2. *The period from 1930 to 1934.*

We now come to a period of national strain, the memory of which is still charged with drama and emotion. In these four years Britain slid downwards towards economic collapse, suffered a major financial and political crisis, and then slowly climbed out of the pit towards normal stability once more. Unemployment and the national policies for coping with it played vital, and indeed dominant, parts both in the decline and in the recovery.

During 1930, British unemployment figures more than doubled, rising from 1,200,000 to 2,600,000. Following that there was no respite for just over two years; the unemployed register went on rising slightly until the peak was reached in January 1933. During these twenty-five months, one British worker in every four was without work or wages on each monthly day of count. The victims were never a standing army, but among them was a tragic nucleus of about half a million long unemployed persons, nearly all men.

On any day of count between six and seven million people, including dependants, would have been found to be "on the dole," and the practice became so common an experience that "to go on the dole" ceased once and for all to have any invidious implication. People used the phrase unscientifically and impartially to describe both insurance benefit and needs payments. The habit of speech then formed has persisted ever since.

The year 1931 was the "annus terribilis," the year of fear. The malaise was world-wide. There was a real danger that the monetary and social mechanism of our modern society would break down and stop. And this might happen, not slowly over years, but suddenly and at any moment. Such fears were most real where knowledge was greatest. To the public at large they would have appeared rather exaggerated. What the average man saw, or experienced in his own person, was unemployment. In Germany 5,000,000 workless were recorded and such huge subsidies were required for the Unemployment Insurance Fund that the Reich budget was faced with a deficit of £50 million. The U.S.A. was still prostrate after the Wall Street crash in October 1929. The panic of the banks followed, and if America had possessed the means of counting all her unemployed, she would probably have found a figure of the order of 10,000,000.

In Britain the Treasury was gravely alarmed and early in 1931 began to say so. It was hard to expect the Labour Government to announce that the current mixture of contributory unemployment benefit and "doles as a right" was costing far too much, but Sir Richard Hopkins, a Treasury officer, was put up to hoist the first undisguised signal of distress. In evidence before the newly-appointed Royal Commission on Unemployment Insurance (the Gregory Commission), he warned the country that continued borrowing on the current scale of benefit without provision for repayment was definitely threatening the stability of British finances. The debt of the insurance fund had not then reached £100 million, but was rapidly increasing. Mr. Philip Snowden, the Chancellor of the Exchequer, was promptly challenged to

disown this alarmist warning, but refused to do so. That was at the end of January 1931. It must be remembered that, at this time and for over a year past, contributory and non-contributory benefit was being paid for unlimited periods as a legal right to all unemployed claimants who had ever done a few weeks' work in an insured trade. In 1931 the total expenditure was at the rate of £125 million a year.¹ The Treasury paid for the non-contributory part, also lending over a million pounds a week towards the cost of contributory benefit. Meanwhile the income from employers' and workers' contributions was at the rate of less than £30 million a year. In addition there was expenditure of about £30 millions on relief works.

The crisis was impending!

All the same, few people listened at first to the Cassandra-cries of the Exchequer experts and the City. And the Government made no real move for the first six months of 1931. They awaited the advice of the Gregory Commission on unemployment insurance, which was urged to present an interim report as soon as possible. This report was presented on 4 June 1931. It applied the economy axe gently and took heed of the Labour hostility to a means test. It proposed changes in contributions and benefits to reduce the deficit on the contributory benefit account to £7,500,000 per annum. Only for certain special classes in the non-contributory section of claimants was there to be means test; from these the *legal right* to payment would be withdrawn. But this meat was too strong for the Labour Government to digest at the moment. It was indeed hard that they should be compelled to face an issue which their predecessors had

¹ As compared with £51 million in 1929

always avoided. Doubtless the Cabinet was divided on account of the demand of the Trades Union Congress for unlimited non-contributory benefit. What the Government promised to do and did in July was to pass an act (The Anomalies Act) to make it exceedingly difficult for occasional wage-earners, such as married women, seasonal and two-day-a-week workers to draw any benefit at all. These were (and are) types of unemployed for whom ordinary benefit rules are liable to be too easy. They had certainly taken advantage of the relaxations in the 1930 Act. The long spell claimants were a different matter. Some of them were trade unionists, particularly in the coal and iron districts. For them there was to be no means test and no curtailment of benefit, either in amount or duration. Not yet!

In July, however, the monetary and economic position deteriorated still further. The world lost confidence in British finance, and that meant loss of credit and loss of gold. At this point the Economy Committee under Sir G. May took up the running. They sat several weeks later than the Royal Commission, when the threats of a sensational disaster had become much more imminent, so *they also* took a hand in reforming our unemployment policies and doing it much more truculently. They talked of 3 million unemployed in the coming months and the need of saving £60 million on benefit payments. The latter figure was, of course, fantastic. No government could cut down payments by one half. Probably the report added unnecessarily to foreign alarm. The May Committee was, however, on safer ground in its detailed advice. It urged increases in contributions and 20 per cent. cuts in benefit. There was to be an end of borrowing. The crisis had come.

In August the Prime Minister and the Chancellor of the Exchequer took the plunge. There must be a 10 per cent. cut in benefit scales and dependants' allowances, and a means test for the non-contributory or transitional benefit section. The Cabinet consulted the leaders of the T.U.C. and asked for co-operation, but their scheme was turned down, particularly on the Means Test proposal. Ramsay MacDonald, Philip Snowden and J. H. Thomas stood firm and defied the T.U.C.; the rest of the Cabinet wavered. The fall of the Labour Government then followed quickly and Ramsay MacDonald called in the Conservatives and Liberals.

One of the first acts of the new National Government was to take power to deal with the crisis by Orders in Council—National Economy Orders. Two of these transformed the arrangements for unemployment benefit and, at last, set up a dual scheme of payments, differentiating between insurance benefit drawn as a right, and the secondary assistance scheme on a needs basis. This was to begin on 12 November. On 21 September, 1931, Great Britain was forced off the Gold Standard.

Insurance benefit rates were uniformly reduced in amount by 10 per cent. (as shown on the opposite page) and in duration to 26 weeks per year. Every claimant had to prove 30 contributions in the two years preceding his date of claim. These restrictions excluded over half the register. Well over one million claimants were cut off from further benefit. They were offered instead a new relief called "*Transitional Payments*," subject to a means test. No one in this class could draw more than his benefit rate, including the fixed dependants' allowances, but he might draw less, or nothing at all, in accordance with

*TABLE SHOWING CHANGES IN
UNEMPLOYMENT BENEFIT RATES*

The following table shows the reductions in weekly rates of ordinary benefit effected by Orders in Council and enforced as from 12 November, 1931, and maintained until 1 July, 1934.

Age	Males		Females	
	Old rate	New rate	Old rate	New rate
21 and under 65	17/-	15/3	15/-	13/6
18 and under 21	14/-	12/6	12/-	10/9
17	9/-	8/-	7/6	6/9
16	6/-	5/6	5/-	4/6

The rate for an adult dependant was cut from 9s. to 8s., that for a child remaining at 2s. unchanged.

NOTE.

The odd sums in pennies resulting from the Cabinet's insistence on cuts of exactly 10 per cent. were exceedingly inconvenient. Imagine the calculations involved at the 400 local exchanges making about 150 million payments across the counter in a year! On pay days lorries had to be chartered to bring mountains of pennies and halfpennies under guard to the Exchanges and local offices. The extra cost of administration must have been considerable.

the amount of his personal or household resources disclosed to an investigator from the local Public Assistance offices. It was an ingenious and workable compromise between insurance benefit and poor law relief. The Exchequer footed the bill. In addition stiff regulations were made under the Anomalies Act to deter married women, seasonal or two-day-a-week workers and semi-retired persons not normally in employment from obtaining either standard benefit or transitional payments. This, together with the Means Test, was the purge and it was not a palatable one. Undoubtedly the sense of hardship was real. Many poor people deeply resented enforced contact with the machinery of the Poor Law and the inquiry into family income. The 10 per cent. cuts in benefit and allowances were not taken so hardly. By themselves they would have been accepted with typical English resignation, partly because they were the same for all and no distinctions; partly because the cost of living had been falling steeply before the crisis and went on falling for two years afterwards. Very large numbers of people were disallowed under the new benefit rules or, if they satisfied the rules but only came into the "Transitional" class, were found on inquiry not to be in need of payments. Some people did not even apply for Transitional Payments owing to their dislike of the family means test and the home inquiry by the Public Assistance officials. Of all those disallowed, something like 200,000 persons vanished from the live register and from any public fund. They ceased to sign on. It is fairly certain that many of them no longer even regarded themselves as seeking work. That disappearance was alone equivalent to a saving of £10,000,000 a year in benefit or exten-

sions thereof. The total saving resulting from the "purge" was very much larger, but cannot be estimated.

These restrictive measures were adopted by the new National Government before the General Election in October 1931. They were not fully effective till the new year and meanwhile the electorate, still alarmed by the whole crisis, returned only 56 members of the Labour Opposition to the House of Commons. It would, however, be a mistake to suppose that either the Government economy measures or their endorsement at the polls, represented any reversal of sentiment towards the two million unemployed citizens. On the contrary there was at once a new out-flowing of public sympathy greater than any which had been manifested before. The spur of the national emergency, the growing hopelessness of the plight of the distressed areas and the newly-enforced cuts in payments, all had something to do with it. In effect the restrictive mood of the country was exceedingly short-lived; the expansive mood reasserted itself immediately.

For the time being the only outlet was in the domain of private social service and the subscription of voluntary funds. By far the most impressive achievement was the nation-wide movement to provide Occupational Centres for the unemployed men and women. For some years, pioneer social workers, such as Peter Scott and William Noble, had made notable beginnings in South Wales. In 1932, following on a remarkable appeal made at the Albert Hall by the Prince of Wales, the voluntary occupation crusade spread like wildfire. Councils were formed, money was raised and, at the end of 1932, the Government recognized the National Council of Social

Service as the prime mover and co-ordinator. The Exchequer gave a grant of £10,000 towards the administrative costs, both central and local, and the grant was much enlarged in later years. (See appendix 3, Table F.) The local schemes were highly diverse in type and origin. Some sprang out of existing clubs, settlements or parish activities; some represented the first stirrings towards social work that a district had ever known. There was a growing tendency to insist upon craft work and genuine classes of instruction; the Local Education Authorities provided teachers. There were sports, games and physical training. The drama was essayed and Wales indulged her passion for choirs. Many clubrooms or hutments were built and tended by the unemployed men themselves; nor were the unemployed women and wives forgotten. Large allotment schemes were promoted by the Society of Friends and a special government grant was available for assistance in cultivating them. It was a fixed rule that none of the products of allotments or craft work could be sold for money. They were solely for the home use of the unemployed and their families. None the less, Labour, particularly Labour Borough Councils, were not always friendly disposed towards the new Occupation Centres. They feared them as a kind of dope for the workless, but in the end, the inherent benevolence of the movement and its obvious good sense reconciled almost everybody. Technically, the Voluntary Occupation Centres belonged to the same type of provision as the Training Centres run by the Ministry of Labour since 1926, but the voluntary schemes were on a much less ambitious plane. Altogether the whole movement was a national manifestation of goodwill and neighbourliness towards

the unwillingly idle and unhappy multitudes. It was primarily an outlet for personal service, but money was also an essential. A sum estimated at over £500,000 was raised in voluntary contributions to aid the unemployed in 1932-35. The habit of "adopting" special districts or clubs was taken up by all manner of more prosperous groups varying from counties (e.g., Surrey, which adopted Jarrow-on-Tyne) to business houses and various government departments. At the peak of this experiment between 1,500 and 2,000 occupation centres were at work, providing for about 250,000 unemployed men and women. In London, which was also hard hit for two or three years, there was 200 centres aided by a Regional Council out of a fund of some £5,000 per annum, granted by the City Parochial Foundation. The peak development was in 1934 and 1935.

When better times came and the urgent need for daytime clubs diminished over the greater part of the country, many working-class districts still retained from this great movement much that was of material and spiritual value. The material assets included playing fields, Community Centres, swimming pools and nursery schools, etc. All the same many a man, when he got back to work, found himself deprived of the facilities for exercising his newly acquired interest and his capacity for useful leisure occupation.

From the year 1932 onwards the policy of providing public relief work for wages fell into discredit and disuse. This was partly due to the need of public economy and partly to the failure of relief works to achieve much from 1920 to 1931. There was also, owing to the excess of unemployment everywhere, a temporary slump in aided transference by the Ministry of Labour and a contraction in the official

training centres, which were themselves a bridge to transference. Unless they could place their trainees and transferees, how could the State authorities justify the expensive courses of training? That was the question which worried them. But whether this drawing-in was really justified was open to doubt. Even in the worst days, there was a great discrepancy in the severity of distress as between South Wales and Greater London or between the Durham coalfield and Birmingham. At no time was it impossible to help young men from the derelict districts to a fresh start in less afflicted areas. Many ventured south of their own accord. It seems, indeed, that, although official transference slowed down in 1932 and 1933, the spontaneous redistribution of British workpeople was actually stimulated by the worsened conditions. Hardship produced its natural effect, i.e., movement. (See also chapter V on "The Special Areas.")

For a time, indeed, people talked hopefully of the blessings that might come to our basic industries, now that we were off the Gold Standard. Indeed, cotton did stage a recovery late in 1931, but, for the rest, the improvement was scarcely remarkable. On the whole, the effect of the crisis was to bring home to many energetic men that there really was little hope for them in the coal and shipbuilding and engineering towns of the north and Wales. This sharpened realization started a new wave of migration to the south and the Midlands. In southern towns there was a greater development of the distributive trades, building and transport. The new manufacturing enterprises of the south were also in evidence, though these seemed to accompany rather than cause the growth of the ancillary trades from 1930 to 1934. The most significant figures of the time show that, in

the decennial period ending June 1933, coal-mining had lost over half a million workers, while the distributive trades (chiefly in the south) had gained nearly 600,000. Both the decrease and the increase were about 50 per cent. of the personnel concerned.

Usually, the national crisis which began in the autumn 1931 is regarded as a matter of a few months. In reality, with so vast an unresolved problem of unemployment, the internal economy of Britain may be said to have been on the danger list for something like one and a half years. Any new, untoward event might have produced a high fever similar to that which flared up in certain other countries. The scene was dark enough as it was. Unemployment increased to January 1933. The Means Test was still an odious novelty; it reduced the doles of half a million people and it cut off altogether a quarter of a million who, though unemployed, were found not to be in need. A further half million were temporarily disallowed each year by Courts of Referees under other rules. Only a minority of insured unemployed got any benefit as a right, i.e., without a means test. Could the insurance scheme be saved? Its finances were more sheltered than they had been, but even so, the debt continued to increase. The Trades Union Congress demanded, if not frank abandonment of insurance, at any rate a return to non-contributory benefit at fixed rates as a general right. The Unemployed Workers' Movement adopted a similar cry, and, under communist leadership, conducted marches and turbulent demonstrations, winning much sympathy.

The National Government were unwilling to accept the Labour proposals, but, in the alternative, they were confronted by the same dilemma which had haunted the insurance scheme ever since the

onset of mass unemployment: Could the insurance fund be protected against an impossible burden of claimants, without cutting out so many claims that the whole scheme would be reduced to a minor place in relief? And, alternatively, could the position of the un-insured and ex-insured unemployed be made appreciably less eligible than that of the insured claimants who just managed to collect the minimum record of weekly stamps (i.e., by employment)?

As it happened the Government of 1932-33 got through safely, but they had to admit some modification of their Transitional Payments scheme, which had been skilfully improvised by the Ministry of Labour at the height of the 1931 emergency. During the first year of the Means Test ten or a dozen Labour Public Assistance Committees, out of a total of over 200 in Great Britain, made trouble over administering the Poor Law principles laid down for them. They deliberately ignored the resources of their *family* applicants and awarded them full rates or something like it. Whereas in the country as a whole, only about 50 per cent of applicants for these payments were found to have no available resources and received full rates (i.e., the same as benefit rates), in these rebellious areas the percentage awarded full rates was very much larger. Some areas sailed as near the wind as they dared without positively defying the law. No attempt was made to enforce rigid uniformity upon the P.A.C.s, but in two places, Rotherham and the county of Durham, the Minister finally had to supersede the recalcitrant P.A.C.s by special commissioners, and the determination of payments was carried on by these agents until the scheme ended in 1935. At the same time (the autumn of 1932) the Government decided to alleviate the Means Test. It

is some measure of the odium which then surrounded this vexed problem that the authorities should have been impelled to abandon the test of absolute need and substitute for it an easy-going, but strictly illogical compromise. They decided to ignore certain kinds of income and resources which are fairly common in working-class households. Thus the Transitional Payments (Determination of Need) Act 1932, instructed local authorities to disregard 50 per cent. of any disability pension or workmen's compensation. Further, an applicant with money saved and in his possession could have £25 and nothing said. Investments up to £300 need not be realized but would be accounted as bringing in up to 11s. weekly. The idea was, of course, to protect savings during long spells of unemployment and the same thing applied to house ownership. Probably the extra cost to the Treasury was not substantial, but the interesting point of these concessions is that they indicate a tendency to revert to the pre-crisis system of payments as a matter of right and not as a matter of need. Nor was the concession limited to applicants for Transitional Payments; it was extended also to the ordinary applicants for poor law relief at the option of public assistance committees.

The ascertainment of resources is never easy. In these years, owing to the novelty of the Means Test in connection with unemployment payments, it was more tricky than usual. All kinds of people came forward for payments, and they possessed all kinds of resources. False representations were not unknown; thus the concealment by applicants of private investments amounting to large sums, between £1,000 and £4,000, were reported in 1932 and applicants often failed to report house property owned by themselves

or their families. Only 250 cases of this kind were actually prosecuted, but that figure is no measure of the real extent of the difficulty.

Looking back on this experiment of Transitional Payments the verdict cannot be wholly unfavourable. The emergency scheme might so easily have suffered shipwreck (cf. the start of the Unemployment Assistance Board in 1935, described in Chapter III), yet it kept afloat for over three years, years of great social and political strain. It re-introduced in Britain the principle of giving non-contributory relief to unemployed persons, not because they were not employed, but because they were poor. Applicants had to prove lack of means before they could qualify. And the real justification of the Means Test was then revealed. It was not that it saved money by cutting down the allowances of those poor people who *were* assisted, but that it was a way, perhaps the only way, of keeping off thousands of applications from people who, though not in need, would take advantage of any State "doles" given as a right at fixed rates without contributory conditions. This distinction is not often appreciated by those opponents of the Means or Needs Test who see only its harsher side. There seemed to be no doubt that the Transitional Payments scheme deterred two or three hundred thousand people a year from drawing money "as a right" at a cost of between £12 million and £15 million a year.

On its administrative side both the strength and weakness of the scheme were comprised in two main features:—

(a) By the use of local Public Assistance machinery, the Minister of Labour and the central government were relieved of the invidious responsibility for

determining individual payments or assessing needs.

(b) By putting the whole cost both of payments and administration upon the Exchequer, the machinery of local government could be used without imposing any strain upon weak local finances.

The latter feature was intensely unwelcome to H.M. Treasury. It conflicted with the orthodox central-local relationship, being equivalent to a 100 per cent. Exchequer grant in aid of a local service. It was small comfort to them that in no case could the payments exceed the maximum of benefit rates, that there was no promise to meet *total* family needs and that if supplementary aid was necessary to prevent destitution, this was, as usual, a responsibility of the local authority and of local funds. The Treasury felt naked and exposed and, as will be seen, longed to wind up the whole scheme.

There were, of course, other difficulties. The non-benefited unemployed were, as a class, mainly unfamiliar with the Poor Law and the Poor Law relieving officers were not familiar with them. Moreover, many administrative frailties were discovered among the 200 Public Assistance Authorities, which acted as agents for the State and, as a result of the partnership, many improvements in the local administration were made. These points are essential to the proper understanding of later developments, when the Unemployment Assistance Board entered the field, but no more need be said at this stage of the history.

Unemployment grew steadily worse during 1932. Hopes of improvement following the readjustment of the £1 sterling were doomed to disappointment. Building, coal and other exports were all worse and the average unemployed live Register of Great Britain rose

to 2,750,000. The peak figure of 2,903,000 was reached in January 1933, over a year after the stiffening of rules for unemployment benefit and transitional payment. In fact, if it had not been for those stricter rules, the unemployment figures would assuredly have mounted well over 3,000,000 for several months. As it was, large numbers who could get neither jobs nor doles, gave up registering at the Exchanges, and thus cut themselves out of the monthly census.

The net financial result is interesting. Setting off the plus factor of more unemployment against the minus factor of the Economy Orders of 1931, the cost of benefit and Transitional Payments dropped by only £10 millions in 1932 from the figure of £125 millions which caused the convulsion of 1931. In 1933 there was a further fall of £14 millions, bringing the total to £101 millions.¹

During these two years, 1932-33, no signal act of policy specifically relating to unemployment can be attributed to the Government. They were waiting for the final report of the Gregory Commission on Unemployment Insurance. Meanwhile they were unmoved by the clamour for renewed relief works and public works. Their constructive policy was in other and more fundamental directions, particularly in the direction of cheapening national credit. In the summer of 1932 the great Conversion Loan was successfully floated, producing a boom in gilt-edged securities and a lowering of the rate of interest from 5 per cent. to $3\frac{1}{2}$ per cent. This financial operation, more than anything else, laid the foundation for British recovery, but the results in better employment did not materialize for seven or eight months.

¹ See also Appendix III where the costs of payments and administration are shown for financial years.

There was, however, one minor change of unemployment policy during 1932 and that was in relation to the Ministry of Labour's training schemes. What had been called "Transfer Instructional Centres" were changed in name to "Instructional Centres" and in nature to an entirely voluntary basis of recruitment. The mild measure of compulsion, previously applied, here and there, to some young men who had been long on benefit, was dropped. There was to be less emphasis on pick and shovel work and more upon physical re-habilitation. In addition six new non-residential centres¹ for physical training (one hour classes on alternate days) were opened in the most depressed districts. The Ministry of Labour was venturing more boldly into the educational field.

In 1933 this movement was carried further by the addition of five tented camps as summer extensions of the Instructional Centres. On the whole, the response was good, in spite of some political opposition and crude talk of "slave camps." Over 38,000 admissions to Instructional Centres were recorded. Half the ex-trainees were placed, but there were serious discouragements. Over one-fifth of the men left voluntarily or were dismissed before their twelve weeks' course was completed.

This expansion of training and of placings is partly due to the real recovery of the labour market which at last set in during February-March 1933. Under the stimulus of cheap money the building trade began to

¹ The principle upon which the P.T. Centres were started was that they should be financed by the Ministry of Labour for the first six months on trial and then, when they had proved their worth, handed over to a local voluntary agency. Altogether some fifty of the P.T. Centres were opened between 1932 and 1937, the great majority being in the Special Areas. These facilities were in addition to the instruction in physical training given in hundreds of voluntary occupation centres.

revive and enter upon a cycle of boom years. The economic temperature began to warm up over the greater part of the country.

Throughout the year 1934 (and later) the fall in the unemployment figures continued steadily, save for seasonal halts in midsummer and late autumn. The year closed with a live register of just over 2,000,000, which was 817,200 lower than in January 1933. At the same time the monthly estimates of insured people in work went up, not by the same amount as unemployment declined, but by 100,000 more, thus illustrating the notable fact that total employment varies independently of total unemployment (see also p. 16 above and p. 49 below).

But there was still no sign of a thaw in the coal districts and a few other most depressed areas. The improvement was very unequally distributed, being nearly four times as great in the London and south-eastern areas as in Wales and Lancashire. Merthyr Tydfil and Jarrow had well over 60 per cent. of unemployment, while Oxford and Coventry had only 5 per cent. It may be said that it was the marked and fairly widespread recovery that ultimately led to the adoption of *ad hoc* measures to aid the depressed regions which were missed out of the general improvement. Even prior to 1933 the hard-hit local authorities in the north and in South Wales were very restive. In spite of the fact that insurance and transitional payments were a national charge, these municipalities said that the concentration of unemployment and poverty in their areas was piling up an impossible burden of Poor Law charges. Their protests met with sympathy, if not at the Ministry of Health, at any rate, with a large section of the House of Commons. In July the Government responded

with a proposal of a temporary subsidy to be financed by a levy on the more prosperous authorities. This project had a bad reception and was hastily dropped in favour of an outright Exchequer grant of £500,000 to tide the bad areas over, pending a more permanent measure which would revise the whole basis of poverty relief for the able-bodied. This, however, did nothing constructive for the derelict communities; the demand for something more than mere salvage grew louder every month. At length, in the summer of 1934, a plan of remedial action, including the actual provision of work, began to take shape.

First, there was a short survey of four of the worst districts by four investigators, two of whom were members of the Government. The four reports were cogent; they led immediately to the Special Areas Act of 1934 and the appointment of two Commissioners, one for certain defined regions in England and Wales and one for south-west Scotland.

The efforts made to help the Special Areas are described separately in the fifth chapter of this book; it is enough to note here that the decision to differentiate between the quality and proportionate amount of State assistance afforded to regions in accordance with their contrasted industrial fortunes was a recognition of what has been called "abnormal place unemployment." This unorthodox novelty was said to be a good deal disliked in Whitehall. Certainly it was far from simple to work.

We must now change the scene back to the main field of State operations, namely the provision of maintenance for the unemployed masses through insurance benefit and needs payments.

In November 1932 the Holman Gregory Commission issued its final report, in many ways an epoch-

making document. The searching arguments and definitive findings cannot be discussed here, but this at least must be said. The report really settled the all-important issue, which had long been in dispute between the parties, that a genuine contributory insurance scheme should continue to be the principal instrument of British unemployment policy and that it should be made to cover as much of the field as possible. But insurance which maintained a relation between contributions and benefits could never cope with the whole problem. It must continue to be a limited liability scheme on the principles of the emergency reforms of 1931, and as such it must be backed by a separate scheme of *needs* payments—to be called Unemployment Assistance. The latter should be locally administered, in association with the other local services, for the relief of the able-bodied unemployed, irrespective of their insurance status. These broad principles were fully accepted by the Government, though certain salient features of the Commission's recommendations, notably the *local* administration of Unemployment Assistance, found no place in the resultant legislation.

One year later, in November 1933 the Minister of Labour moved the second reading of the new Unemployment Act. It was the opening of a new chapter in British unemployment history. The three chief objectives of this measure were to expand the provision for the unemployed, to strengthen the unemployment insurance scheme and to reconstruct the whole system of basic relief of the able-bodied. The more generous benefits were due to the general desire (and the Government's pledge) to restore the 1931 cuts as soon as possible. The strengthening and broadening of insurance was due to the careful recommenda-

tions of the Gregory Commission. The centralization of basic relief in a brand new department was the Government's own idea; or, more accurately, the invention of the Chancellor of the Exchequer and H.M. Treasury. The Bill was, in no sense, a hurried improvisation, like some of its predecessors. It was a whole year in gestation, following the final report of the Royal Commission, and it lay for seven months in the lap of Parliament, reaching the Statute Book on 28 June, 1934.

The description of the Act of 1934 demands a section by itself (which follows below) and the story of how it fared in operation belongs to the later period 1935-38.

But there are still one or two significant facts relating to the years covered by this section, which must be set out here. During 1933 and 1934 the Transitional Payments scheme accounted on the average for a slightly larger proportion of the unemployed than the Unemployment Insurance Scheme. Transitional Payments were a formidable affair costing (with administration) £101 million in the two years, as against £91½ million for insurance benefit. This fact alone put a question mark against the merits of the dual system and the continuance of the insurance method with all its cumbrous paraphernalia. There was, however, much more to it than that; the insurance scheme was increasing its "stamp" income rapidly, owing to the improvement of employment. It was paying its way once more, thus relieving H.M. Treasury of a major anxiety. At the same time the large fall in the average live register at the Exchanges was found to be mainly in respect of applicants for Transitional Payments, who were entirely an Exchequer charge, and practically every person

restored to employment became a contributor to the insurance fund. Obviously, therefore, the financial argument was strongly in favour of retaining insurance and making it cover as much of the field of able-bodied poverty as its funds could run to. There was, perhaps, a further consideration of some weight in the fact that, with the restoration of benefit cuts in July 1934, the "ceiling" for Transitional Payments was automatically raised by several shillings all round, e.g., from 23s. 3d. to 26s. for a man and wife. Naturally, most local authorities, in making their assessments of need, took immediate advantage of this change, and the cost of Transitional Payments per case rose even more suddenly than the cost of benefit.

We can now leave the period 1930-34 and, with it, we leave behind the first British experiment in the difficult art of running a contributory insurance scheme and a non-contributory needs payment in dual harness for practically the same class of unemployed citizen. In that art there are many snags and pitfalls, some of which were yet to be explored when the 1934 Act was implemented.

CHAPTER II

THE UNEMPLOYMENT ACT, 1934

1. UNEMPLOYMENT INSURANCE
2. UNEMPLOYMENT ASSISTANCE

CHAPTER II

THE UNEMPLOYMENT ACT, 1934

UNDOUBTEDLY the new Act must be described as a major reconstruction. There had been upwards of thirty amending bills since the passing of the basic Unemployment Insurance Act in 1920, but they were all of the nature of emergency readjustments. This Act was of heavier metal. Its outstanding feature was the creation of the Unemployment Assistance Board to administer a new centralized system of needs payments outside insurance. The National Government thereby admitted that, after they and their predecessors had fumbled with the problem for fourteen years, they were convinced that a specialized second line of defence against the social ills of unemployment was going to be a permanent necessity of the modern state.

1. *Unemployment Insurance.*

But the Act also repaired and expanded the British insurance scheme so that its coverage should be greater than ever before. Its bad days seemed to be over. It would, with reasonable luck, now be possible to guarantee to thirteen million British workers the payments of benefits at something like maintenance rates, without any questions as to their other resources, during 80 per cent. of the aggregate of the periods covered by their unemployment. Only a major depression would lower this standard of

performance; against that there could be no guarantee in a limited liability insurance scheme. The fund must pay its way.

Meanwhile, in all the regions of normal employment, practically no willing and eligible worker should fall through the meshes of the net which contributory insurance would spread for his security. The gap between the school-leaving age (14 plus) and the previous age of insurance (16) was closed and the extension of insurance to agriculture was contemplated. The way was also cleared for minor extensions, such as to private gardeners, by means of regulations instead of by the slow process of legislation, but these delegated powers did not go so far as to allow the Minister of Labour to make major alterations in the scope of insurance. He could not bring in all domestic servants by a stroke of the pen, nor clerks earning over £5 per week.

Benefits were much improved, both in amount and in duration.¹ The 1931 cuts were restored and the steady contributor could draw a maximum of fifty-two weeks' benefit on end, if he had a sudden run of bad luck. This was a real boon to the older men who, having lost a lifelong job, found it hard to regain their footing.

At the same time there was no relaxation of the basic rule, known as the First Statutory Condition for benefit. Every claimant must show thirty contributions in the last two years before his claim could be authorized.²

¹ Benefit rates were restored on 1 July, 1934, to the scale in force prior to the Economy Orders in 1931 (See page 15.) In 1935 a further addition of 1s. was made in dependants' benefit allowed for a child, bringing it up to 3s.

² Under the Act an insured contributor who had paid 30 contributions in the last two years could receive a minimum of 26 weeks of benefit in 12 months. Additional days of benefit could then be paid in the ratio of three days for every five contributions during the preceding five years, less one day of benefit for every five days of benefit drawn during the same period. This ratio was slightly eased in 1937.

To act as guardian over the solvency of the fund and to advise on administrative changes a somewhat novel instrument of government was created. This was the Unemployment Insurance Statutory Committee¹ proposed by the Gregory Commission, whose duty could be crudely described as to put a check on any political gerrymandering of the scheme. It could strengthen the Minister of Labour's courage to follow unpopular courses when necessary, but could also make things awkward for him, if he and his colleagues were tempted to go off the rails; "the rails" in this case being the main principles and solvency of the scheme. The normal work of the Committee was to make an annual report on the finances of the Unemployment Fund, to report upon draft regulations and to advise the Minister upon any new problems that might be referred to them. It was their business to see that income balanced expenditure. If the Fund was losing ground they could advise higher contributions or a reduction of benefit in amount or duration or both. If there was a surplus, either an expansive policy or a reduction of debt was open to them.

In the period 1935 to 1937 the partnership worked admirably. The Statutory Committee (under Sir W. H. Beveridge) became a kind of G.H.Q. of the Unemployment Insurance scheme with a high prestige in Parliament, before which its financial reports must be laid. This serenity of official relations fully justified the experiment, but friction is possible. Parliament may not always be ready to sit at the feet of an independent, non-political committee which has none

¹ The Committee consisted of a Chairman and not more than five other members, two of whom represented employers' organizations and two represented trade unions.

of the wider responsibilities of Government and is unmoved by sectional interests. *

At the time of the framing of the Act, juvenile unemployment was, in many places, so severe as to cause much anxiety and a large further increase was anticipated, owing to the temporary rise in the juvenile population. To be idle and unwanted and free from school for long periods between 14 and 18 works havoc with adolescents. To lower the age of insurance would, it was hoped, give the Juvenile Employment Committees at the Exchanges a better chance of keeping in touch with the workless, but this was not enough. Part-time attendance at a school or centre of some kind ought to be enforced. Children, who were not earning, should be learning. This was not so easy. Ever since the Armistice in 1918, the Ministry of Labour had promoted Juvenile Unemployment Centres, but the task had always proved an uphill struggle. Local Education Authorities had never been *compelled* to set up these schools or equivalent courses. Now at length, compulsion was to be exerted at the option of the Minister of Labour, not only upon the local authorities, but also upon *all* unoccupied adolescents in the land. This looked sensational at first, but in practice the scheme did not work as drastically as that. Many extra schools were opened. They were now called Junior Instruction Centres and did good work where juvenile unemployment was still serious. (See also Chapter VI.)

But that was not all. The State should do nothing to prejudice children (or the parents of children) who stay on at ordinary schooling after age 14. And, since the attraction of employment lay not only in the wages it brought, but also in the accumulation of insurance stamps, something had to be done to

neutralize the latter incentive to leave school. The Government therefore credited secondary school children with ten contributions a year, so that they could have prompt rights to benefit whenever they did enter industry—as from September 1935.

Returning to the important question of insurance finance, the Act contained several interesting items, all designed to protect the Exchequer so far as possible. First there was the debt to the Treasury of £115 million still to be redeemed—no light matter for the country even in the happier days of 1934. Whether this debt could properly have been put on the Consolidated Fund and shouldered by the taxpayers as a whole was never quite clear. The Treasury denied it and, in this Act, provision was made for the funding of the debt at the cost of the future contributors under the insurance scheme. That meant dividing the burden between employers, workers and the State in certain proportions and spreading out the redemption over thirty-five years up to 1970. In the meantime interest at 3½ per cent. would have to be paid. After the shock of the 1931 experience it is not surprising that the Act abolished the large and easy borrowing powers of the Insurance Scheme which, among other tribulations, led to this awkward question of repayment. But the power to borrow was not entirely repealed. Any temporary deficiencies of the Fund could still be met by temporary advances from the Exchequer, thus giving the scheme breathing space in a crisis. But such loans were only to be allowed for a very limited period. Repayment would have to be secured, if necessary, by reductions of benefits or increases of contributions.

Attention may also be drawn to one other financial principle which passed almost unnoticed through

Parliament. Although the ordinary weekly contributions of employers and workers might be varied, and need not be equal, the ordinary Treasury contribution to the Insurance Fund was fixed at one-third of the total, whatever that might be from time to time. In 1934 the employer, the worker and the State each paid 10d. a week (for a man). There was (and is) always a hope that the employer's and worker's share might be progressively reduced, to relieve the burden upon wages. But if so, the State's share must come down too.¹

A twofold precaution may here be discerned. On the one hand it clamped the redemption of two-thirds of the pre-1934 debt more firmly upon industry; on the other it stopped any government of the future from putting more than one-third of the contributions upon the taxpayer for the purpose of ordinary benefits without special legislation. In a word, it reinforced the contributory principle.

There were various other provisions in the Act dealing with rules of benefit, adjudication, and increased facilities for training, but none of them were of primary importance. It should be added for the guidance of those who seek to examine for themselves the text of current insurance legislation, that in 1935, a consolidating Bill was passed through Parliament, which incorporated all the provisions of the 1934 Act and the surviving provisions of previous Acts. Thus the Unemployment Insurance Act, 1935, became the principal Act from that year onwards. The 1920 Act was at last repealed.

¹ The weekly rates of contributions for employers and workers aged 18 and over were in fact reduced in 1936 by 1d. each, owing to the growing surplus in the Insurance Fund. As a result of the above rule the Treasury also cut down its contribution by 1d., making the total weekly rate for a man 9d. for each of the three parties as from July 1936.

2. *Unemployment Assistance.*

Here we come to the major feature of the 1934 Act, representing an entirely fresh departure in social legislation. A new national service, the Unemployment Assistance Board, was set up to take over from the local Public Assistance Committees, first, all those duties in regard to Transitional Payments, which they had performed since 1931 and, second, the ordinary Poor Law functions in respect of practically all able-bodied poverty, which had been a traditional local duty for centuries. Part 2 of the Unemployment Act established, in fact, a new kind of centralized Poor Law which was intended to deal more scientifically and acceptably with poverty arising from unemployment as a special class, leaving poverty due to sickness, old age, widowhood or incapacity still to be dealt with by local Public Assistance authorities, just as they had always been. The scope of the scheme was a difficulty from the first. It had to be wider than unemployment insurance, yet narrower than the whole Poor Law. How could a workable line be drawn to define the beneficiary class? Finally it was decided to cover the same class of workers as was already covered by the Contributory Pensions scheme, our widest insurance, that is to say, all persons normally engaged in an occupation and earning less than £5 per week, between the ages of 16 and 65—well over sixteen million persons. This excluded unemployed people who had only worked on their own account (shop-keepers and hawkers, etc.), and barred the U.A.B. from dealing with the emergency needs of those who had earned over £5 per week. These were still left to the local Poor Law.

However, the scheme was clearly a very wide one as regards persons covered. Not only this, but the definition of *eligible unemployment* was less restricted than that used in insurance or in the Transitional Payments scheme. There was no disqualification, as there had been in the Transitional Payment scheme, on the "insurance" grounds of voluntary leaving, misconduct in the last job, or refusal of suitable employment when offered. All that was necessary was that the applicant should prove "capacity to work," "availability for work" and "need" as measured by the U.A.B.'s Regulations. The only disqualification taken over from the insurance scheme was that relating to trade disputes (strikes or lock-outs).

Since it was an axiom of the Act that all able-bodied applicants, accepted within the scope of Unemployment Assistance, should look to the U.A.B. to meet *all* their needs, such applicants should no longer be eligible for Poor Law relief. The local Public Assistance authorities were therefore specifically forbidden to assist them. But not so the Employment Exchanges; these were still to play a vital part. Every applicant for assistance would have to register at an Exchange to prove his unemployment and would, normally, draw his allowances weekly at the same office, just as if he were on unemployment benefit.

A new government department, the Unemployment Assistance Board, was charged with the central and local administration of the new allowances. The Board, composed of six persons, was appointed by Royal Warrant under the Sign Manual, and was thus authorized to manage its own affairs and appoint its own central and local staff of some 6,000 officials. It was to be a semi-independent corporation, some-

what distantly after the model of the B.B.C. Behind this arrangement lay "an important motive. It was the hope and belief of the Government that they could at last "take unemployment relief out of politics," both local and national politics. The detailed operations of the U.A.B. were not to be within the control of any cabinet minister. The Minister of Labour was to answer for the Board's Regulations and general policy, but he could not be held responsible if John Smith in Durham did not get large enough allowances or Mary Roberts in Swansea received too much. That, at any rate, was the idea in 1934, though it did not quite work out so in practice.

Since personal or family needs were the basis of the new allowances, a Needs Test was to be enforced. Inquiry into family resources was obviously essential to a measurement of family needs, but not all resources were taken into account. The alleviations as regards pensions and savings, etc., introduced in 1932, were continued and extended. And a rather more generous view was supposed to be taken of that baffling question: how much of the earnings of members of the applicant's family, living in the same house, ought to be set aside for their personal requirements and ignored?

The great aim was to fix uniform principles and equality of treatment throughout the country. Anomalies as between areas were to cease. Politically speaking, the crux of the matter lay not so much in the Act as in the regulations and the actual scales of allowances. These were determined later in the autumn of 1934. The regulations also fixed the two important stages in which the Board was to take over its task. Two dates were appointed. On the

First Appointed Day, 7 January, 1935, it assumed responsibility for the Transitional Payment class, whose needs had previously been assessed by the local Poor Law authorities at the Government expense. These amounted at the time to some 800,000 cases. On the Second Appointed Day, originally 1 March, 1935, the Board was to take over, subject to a financial adjustment with the local authorities, all the remaining unemployed within the definition of the Board's scope who were in receipt of purely local relief—nearly 200,000 persons at that time.

The cost of allowances under the scheme (but not the cost of staff) was paid out of a new fund, the Unemployment Assistance Fund, the accounts of which were audited by the Comptroller and Auditor General for submission to Parliament, and the burden of which was borne by the national Exchequer, save for a contribution levied upon local authorities of some £2 million a year.¹ The latter represented a part of the saving that would accrue to the local rates after the presumed transfer of ordinary poor law cases on the Second Appointed Day. The cost of staff was put on the votes in the usual manner.

Further details of the Unemployment Assistance service can be reserved till later. Enough has been said to prepare the reader for the events which immediately followed the implementation of Part 2 of the Act in 1935. The main purposes of the Government, as advised by H.M. Treasury, were three:

Firstly, they wished to break off from the whole body of local Social Assistance services, the home relief of most of the able-bodied poor, a service in which local government was held to have failed, whether acting as

¹ This was the financial adjustment referred to above. It was to favour the local authorities to the extent that the Exchequer would assume responsibility for 40 per cent. of the cost of the transferred Poor Law cases.

agent for the Ministry of Labour or exercising its independent powers. This part of the Dole was to be lifted for ever out of the arena of *local* politics.

Secondly, the centrally provided funds would be administered by a central department of state which could secure uniformity everywhere and combine equity with economy. Thirdly, an effort was made to give the new department an independent status which would minimize the responsibility of the Minister of Labour and thereby ease the political strain upon the Government. The Unemployment Assistance Board would be able to keep the politicians at arms' length and deal scientifically with its (prospective) million clients and their two million dependants.

Thus the Act of 1934 comprised a twofold attempt to withdraw vital unemployment issues, in some measure, from the political arena. The Unemployment Insurance Statutory Committee was to do for the insurance scheme what the U.A.B. was to do for Unemployment Assistance. But in the latter case the Government went further. They sought relief by the partial separation of the executive from the legislative arm. There was in this an interesting parallel with the 1834 Poor Law Commissioners, "The Three Kings of Somerset House," who were not represented in Parliament until 1843.

The creation of the U.A.B. was a surprise move originating wholly in Whitehall. Not social needs, but political and financial calculations inspired it. And these calculations depended upon the sheer magnitude and permanence of the off-insurance unemployment problem from 1930 to 1934. It is possible that the Government and the Treasury would never have committed themselves to so drastic a

transformation, if they had known that the number of the off-insurance unemployed would, in a year or so, be reduced by 40 per cent. and highly localized at that. (See Appendix I.) As it was, their confidence in recovery deserted them. They dared not believe that the relief problem, which had harassed them for years past, would ever dwindle away, so they ignored the more modest, but less clear-cut proposals of the Gregory Commission and set about the creation of a new permanent national institution¹ to cope with it.

¹ Except for the national system of Employment Exchanges set up in 1910, the U A B is the only large national service with local offices in reach of all citizens, to be set up in Great Britain for over two centuries

CHAPTER III

THE NEW POLICY IN PRACTICE (1)

UNEMPLOYMENT INSURANCE

1. THE THREE YEARS OF RECOVERY
2. THE INSURANCE FUND AND BENEFITS
3. HOW UNEMPLOYMENT INSURANCE WORKS
4. UNEMPLOYMENT AND THE SOCIAL INSURANCES

CHAPTER III

THE NEW POLICY IN PRACTICE (I)

1. *The Three Years of Recovery: 1935, 1936 and 1937.*

THE decline in employment during the depression years after 1929 was never so catastrophic in Britain as in Europe and the U.S.A., and the recovery was quicker. From 1935 to 1937 British employment figures rose well above the peak point of 1929, whereas the international figures, though rising steadily were still below those of 1929. Between 1933 and 1937 there was an increase of 2,000,000 persons actually employed. Not all of these were unemployed people getting back to work; there was also an exceptionally sharp rise in the numbers of people entering or re-entering the labour market and the total British labour force in employment rose above all previous records. Between July 1936 and July 1937 there was a record increase of 326,000 persons coming within the Unemployment Insurance scheme. This increase was 100,000 more than the Ministry of Labour experts had estimated. The explanation lay mainly in the fact that the improved demand for labour had retained in the country's labour force many thousands who would otherwise have retired and dropped out of the insurance field, e.g., men over 55 or women. The attractive conditions of unemployment benefit and unemployment assistance may also have had some effect, as they did in 1929.

Unemployment fell by about a quarter of a million per year and the average percentage of insured persons unemployed fell to 13 per cent. during 1936. In 1937 there was a slight slowing up, but the percentage fell below 10 at the autumn count. During the latter part of the period even the most depressed regions, like Wales and Durham, experienced a modest revival of employment. Their stubborn economic problem began to respond to the efforts of the Special Areas Commissioners and, in 1937, to the Government's large armament contracts. Many kinds of labour became scarce and cheap juvenile labour was generally at a premium. There was, however, still a residuum of long spell unemployed, chiefly men over forty-five years of age, who had lost their quality and were now of very low employment value.

Thus the history of this period is one of steadily expanding employment, coupled with a continuance of an expansive policy towards the unemployed. Contributory Unemployment Insurance established itself more and more firmly in the scheme of things and covered an ever-increasing proportion of the total spells of unemployment. This was a natural result of active trade and of the provisions of Part I of the 1934 Act. But note that prosperity did not greatly diminish the short spells of unemployment or the movement between one job and another! What it did was to reduce the duration of benefit claims and the spill-over of chronic cases which failed to qualify for benefit in a limited liability insurance. Long spell employment was almost halved in three years. A large drop in the number both of claimants to benefit and of clients of the U.A.B. followed accordingly. The figures will be found in Appendices I and III.

The Insurance Fund and Unemployment Benefits.

Almost at once, as a consequence of the better times, and despite the substantial increases in rates of benefit, the Unemployment Insurance Fund began to show a balance on the right side. In each of the years 1935, 1936 and 1937, contribution income largely exceeded benefit expenditure and, even after providing for administration and the annual debt payments, a large reserve accumulated. The question was what to do with it. The first step was obvious and was promptly taken in 1935. The newly-created Statutory Committee decided to take a long term view of their financial responsibilities and build up a reserve for a future depression. With the lessons of the recent past fresh in mind, prudence seemed to be the first necessity. But it was not so easy to say how far prudence should go or at what point to cash in on part of the surplus. Some people asked for benefits to be raised again; others for contributions to be reduced; at 10d. each from employer and worker they were a serious tax upon employment and a big sacrifice for the low wage earner, who had also to give up 9d. a week for his Health and Pensions contributions. In the end small concessions were recommended by the Statutory Committee under both heads. In 1935 the benefit payable for a dependant child was raised from 2s. to 3s., and in 1936 contributions were reduced by a penny all round for employers, workers and the State. Under the new procedure permitted by the 1934 Act, both changes were made expeditiously by Order in Parliament and without the tedious process of legislation. The improvement in dependants' benefit was really inevitable; political pressure and human sentiment alike demanded it,

No one mentioned the threadbare argument that unemployment benefit was not, and never had been, supposed to be a full measure of maintenance, any more than National Health Insurance benefit (15s. per week and no dependants' allowances).¹

There was also another and a quite new consideration. The Unemployment Assistance Board had fixed 3s. for a child's allowance, rising by stages to 4s. 6d. up to age fourteen, and, although the rest of the scale for adult persons was ordinarily below benefit rates, there were already many cases where families without other resources were better off on unemployment assistance than on insurance benefit. But, so far as possible, benefit must not too often be overshadowed by the U.A.B. allowances.

On the other hand, the Statutory Committee began to face another problem—the problem of low wages and of benefit rates over-topping normal earnings. This dilemma had already been presented in numerous cases of large families where dependants' benefit brought the total benefit rate above 40s. per week. Accordingly, in 1935, the Committee recommended that the higher rate for children should be accompanied by a new stop rate of 41s. per week, above which benefit should never rise. This recommendation was not adopted by the Government.

The extra shilling for children only cost something over £1 million per year in 1936, but the reduction of the U.I. contributions by a penny all round was more expensive. It meant 3d. a week to the fund since, by law, the Exchequer had to enjoy the same concession as employers and workers. The total loss of insurance income was about £6½ million a year. Very properly,

¹ The original benefits fixed in 1911 had been 7s. for unemployment and 10s. for sickness.

this decrease of a penny in one employment "tax" was timed to coincide in July 1936 with a statutory increase of the same amount (1d. each) in another such "tax," i.e., the contributions for Old Age Pensions required from employers and workers. But as this increase did not affect the State, there was a net annual saving to the Treasury on the whole transaction of over £2 million. To the employer and the insured contributor there was no net saving.

During the year 1936 the reserve to the credit of the Unemployment Fund accumulated more rapidly than in 1935, owing to the great increase of contributory employment. With £38 millions in hand, the Statutory Committee recommended and Parliament adopted a reduction from six days to three in the "waiting days" which do not count for benefit after the making of a new claim. Such waiting time was always interposed in trade union and other out-of-work benefits, on the ground that the newly-unemployed man still had his last week's wages to live on. But, seeing that benefit was only paid at the Exchanges on a Thursday or a Friday, the real gap between wages and benefit might be a fortnight. This was liable to be too much for some households and might cause deprivation. It was foreseen that, after 1 April, 1937 (see pp. 82 and 83 below), large numbers of such people, with an unquestioned title to benefit, might seek to bridge the gap of days by applying to the U.A.B. for temporary allowances. But if so, the insurance scheme, regarded as the *first* line of defence, would tend to lose prestige. Moreover, a considerable strain would be put upon the U.A.B. in dealing with the merely stop-gap cases. For these, among other reasons, the gap was shortened

by three days as from 1 April, 1937, at an estimated cost of £1,200,000 a year.

Another alleviation adopted in 1937 was a slight easing of the contributory conditions on which a claimant might continue to draw statutory benefit after the expiry of his first six months spell of unemployment.

It will not escape notice that both these changes, like other expansions of insurance benefit, were an actual or potential economy to H.M. Treasury. From the Exchequer point of view, any transfer of unemployment costs from an Unemployment Assistance scheme, which was a 100 per cent. Government charge, to a contributory scheme, which was only a 33 per cent. Government charge, was obviously a prudent move. This is indeed a permanent factor in British policy; it may not always work to the advantage of the insurance scheme.

All these improvements in benefits and reductions in contributions cost money, but in 1937 contribution revenue was still abundantly larger than benefit expenditure. The result was that at the end of the year a sum of about £62 million had accumulated in the Unemployment Fund reserve account. Nor is this surprising when it is remembered that, at the rate of contributions then payable by the workers, employers and State, the balancing point of the fund was calculated to be about 16 per cent. of unemployment, the cost of which would, of course, be shared between the insurance scheme and the U.A.B. Actually, the official forecast of average unemployment over the years 1936 to 1943 was not less than $16\frac{3}{4}$ per cent. of insured persons. This forecast was prepared in 1935 by the Committee on Economic Information attached to the Economic Advisory

Council. It was still held to be a probable figure, at the close of 1936, though the chances of any early recession of employment were admitted to have diminished by reason of the Government's intensive, though temporary, rearmament programme. In fact, the percentage of insured unemployed in the autumn of 1937 was down to 9.9 per cent.

A reserve of £62 million was a large sum of money, but the Chairman of the Statutory Committee considered that, in 1938, it would grow larger still by at least another £20 million. What would be done with the money? In the official view, about £50 million of it should prudently be regarded as a reserve against a recurrence of widespread and serious unemployment, but there were clear indications that a large reduction of the £100 million debt was contemplated—and contemplated in such a form that the present as well as the remote contributors would derive advantage therefrom. Legislation to give the Statutory Committee greater flexibility of powers in this matter, was introduced at the end of 1937.

These were all minor adjustments. The chief development of unemployment insurance policy in the period under review was the inauguration in May 1936 of an entirely new and self-contained agricultural insurance scheme, on lines drawn up by the U.I. Statutory Committee. Land workers of all kinds were included. Private gardeners were brought in a few months later. It was an altogether cheaper insurance¹ than the general scheme and contained many ingenious features, notably the partial refund

¹ For adult men the weekly contribution was 4½d each from employer and worker and the weekly rate of benefit 14s, with 7s. for an adult dependant and 3s. for a child. The main statutory condition for benefit was 20 contributions paid in the last two years, instead of 30 contributions under the general scheme. Benefit was, however, strictly proportionate to contributions.

of contributions in respect of long hirings.¹ The supposition was that 750,000 persons would become compulsory contributors and that they would suffer an average rate of 7.5 per cent. of unemployment. In fact, both estimates were a good deal too high. Only about 600,000 contributors were gathered in and among these the rate of recorded unemployment was just over 3 per cent. during 1936 and 1937.

Whether these rural workers, with low wages (32s. to 38s. per week) and a low risk of serious unemployment, needed or could really afford a compulsory contributory scheme is still questionable, especially as the married men could, after 1 April, 1937, do as well or better for themselves and their dependants by applying for a non-contributory unemployment allowance. In agricultural insurance, unlike the general scheme, the principle of a stop rate for benefit was admitted, but there was no over-riding maximum applied by the Unemployment Assistance Board, which had to meet total needs. It seems, however, that the poorly-paid farm worker really desired to be insured. Distrust of the U.A.B.'s Needs Test—of *any* needs test, however mild—coupled with the prestige which, since 1931, had come to be attached to the insured status, were potent motives. And, although the rural community got little for its money, they do not seem to have regretted their inclusion in the contributory class.

3. *How Unemployment Insurance works.*

At the risk of interrupting the narrative of policy the following account of the ordinary processes of

¹ This was an echo of an experiment tried in the original U.I. Act of 1911, but dropped later. It also has its counterpart in the U.S.A., where most of the State schemes provide for the reduction of contributions required from an employer who stabilizes his employment over a number of years. This is known as the Merit Rating system.

insurance is inserted here for the benefit of some readers. This is how the scheme worked in 1937, from the point of view of the individual insured man; let him be John Brown:—

Suppose that John got a job as a builder's labourer. First of all he had to obtain his unemployment book (really a folded card) from his local exchange and hand it to his employer. Thereafter, his employer was legally bound to buy stamps of 1s. 6d. value and stick one into John's book for every calendar week (beginning Sunday midnight) in which services were rendered and paid for. The stamp for one day's work was the same as the stamp for the whole week and covered the week. Half the value of the stamp (9d.) was deducted by the wages clerk from John's weekly money, deductions also being made for Health and Pensions insurance (another 10d.). After a time, John was discharged and "given his cards." He thereupon took his stamped unemployment book to the exchange and lodged it there as proof of unemployment, at the same time making out a claim to benefit for himself and his dependants. If he had thirty stamps to his credit¹ in the last two years, his claim would probably be in order, but he first had to serve three waiting days before his days of proved unemployment began to count for benefit, and meanwhile the Exchange asked his employer to give the reason of discharge. If the reply cast no imputation on John that he had walked out of his own accord or had seriously misbehaved, then all was well. The usual reply is "not required" or words to that effect.

John had to sign on at the Exchange three times a week; it might in some places be four. Of course,

¹ This would be checked by reference to the Claims and Record Office, Kew, London.

he might be lucky and get another job at once. In fact, some 10 per cent. of the six million claims made in a typical year do not mature for that very reason. But failing a job, his benefit would be paid to him, usually on the first available Friday. He would draw 17s. for himself, if over 21, and 9s. for his wife and 3s. for each dependent child. And, provided he continued to sign the unemployment register, the same money would be paid out to him for 156 days (i.e., six months, Sundays not being counted). After that he might still remain on benefit for another six months if he had an uninterrupted record of contributions in the previous five years. But, being in the building trade, where jobs are liable to be intermittent, he was probably not so fortunate.

Since his local Exchange would only hear of about a quarter of the vacancies that occurred, John would be expected to look round on his own account for jobs as well as applying at the vacancy counter. Few men need any urging, but suppose John did neglect obvious opportunities or actually refused a suitable vacancy. That, together with voluntary leaving or misconduct in a job, would be a ground for disallowance. His case would be referred to a special tribunal, the local Court of Referees. Twice a week or more these Courts are held at the Exchanges. The chairman, who is an impartial person nominated by the Minister of Labour, sits with two assessors, one representing workpeople and one representing employers. He has before him a statement of the case. The claimant comes in and is asked to tell his side of the story. The Court then decides whether to disallow and, if so, for how long. The maximum penalty for voluntary leaving or refusal of a job is six weeks, but there are some grounds of permanent

disallowance, such as "not capable or available for work" or "fails to attend as required at an approved course of instruction" (juveniles under eighteen only). The Courts also have to administer the rather strict benefit rules enforced under the Anomalies Act of 1931, in respect of married women claimants, seasonal workers and people who customarily work only one or two days a week. Watching over the 300 or so local Courts of Referees, there is an Umpire (equivalent to a High Court Judge) and an Umpire's office in Westminster, to hear special appeals and to keep the Courts in line.

If John Brown's benefit was disallowed or if he exhausted his benefit period, and was then in need of maintenance or part maintenance, he could fill up a form at the Exchange applying for a grant of an Unemployment Allowance. This would be transmitted to the local office of the Unemployment Assistance Board. John has now passed into the off-insurance class. Any allowance he received would no longer be a matter of contractual rights, but of physical needs. That means a home inquiry. If he or his household had certain resources or a very small rent, John would probably get less money than when he was on benefit. If he had no resources and a considerable family he would probably get more. There is no "ceiling" for the allowances and no limit of duration, but there is a test of needs and means.

4. *Unemployment and the Social Insurances.*

In Chapter I the devastating effects of the depression period upon the Unemployment Insurance scheme have been described, but what of the effects upon the National Health Insurance and Contribu-

tory Pensions schemes? Here also the worker's rights to contractual benefits depend upon his and his employer's weekly contributions and, when he has neither employer nor wages nor stamps for long periods, he gradually loses those rights. If this had been allowed to happen between 1930 and 1937, hundreds of thousands of workers would have temporarily or permanently lost their rights to medical treatment, sick pay and old age pensions at sixty-five. That would have been a disaster and against the public interest, though it would be the logical result of any insurance system based upon employment. Unemployment was, however, not allowed to work this additional havoc, and the strict precepts of insurance were set aside. Under temporary legislation, passed in 1928 and several times renewed, insured persons were excused all arrears of contributions due to genuine unemployment. All that was required of them was that they should have their Health and Pensions card franked once a week at their local Employment Exchange.¹

Parliament's generosity in this matter was almost entirely at the expense of the N.H.I. Approved Societies. It was their funds that bore the cost of sickness benefit granted to non-contributing beneficiaries. Very soon the inroads on the Societies' reserves became conspicuous. Additional sickness benefits began to suffer. In 1932, therefore, the policy of granting unlimited credit had to be checked, but the legislation took the hand-to-mouth form which was typical of the depression years. In effect it said: "no cuts for eighteen months, but severe restrictions

¹ Incidentally this arrangement brought some thousands of people on to the Unemployment register, who came, not for employment nor for benefit, but solely in order to have their N.H.I. and Pensions cards franked.

after January 1934.” And when that date came, the cuts proved too severe and the whole business had to be reconsidered. A new Act was passed in 1935, which again eased the position for the long unemployed man and introduced an annual Government subsidy of 50 per cent. towards the extra expense thrown upon the Societies. A free insurance period of twenty-one months was granted for Health and Pensions rights to all unemployed persons and, for the few unfortunates who overran their twenty-one months of grace, further graded concessions were made. Gradually a man’s rights to cash benefits during sickness were tapered off, because they would be too costly for the Approved Societies, but everyone with ten years’ contributory record since 1912 would retain for ever his pension rights, and rights to medical benefits and additional (society) benefits.

The whole incident, from first to last, is instructive as another illustration of the dilemma which contributory insurance presents when its benefits become an indispensable social service which cannot be withdrawn even though the contributory conditions are not properly fulfilled. It seems that the contractual basis must, in a democratic country, sometimes be tempered by charity, where this can be done without abandoning or seriously weakening the limited liability principle of the schemes. But to know how far to go and when to stop is one of the more delicate arts of government.

CHAPTER IV

THE NEW POLICY IN PRACTICE (2)

UNEMPLOYMENT ASSISTANCE ² -

1. UNEMPLOYMENT ASSISTANCE : THE INITIAL BREAKDOWN
2. THE REVISED REGULATIONS AND THE SECOND APPOINTED DAY
3. AN INTERIM CONCLUSION ON THE UNEMPLOYMENT ASSISTANCE BOARD

CHAPTER IV

THE NEW POLICY IN PRACTICE (2) UNEMPLOYMENT ASSISTANCE

1. UNEMPLOYMENT ASSISTANCE : THE INITIAL BREAKDOWN
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CHAPTER IV

THE NEW POLICY IN PRACTICE (2) UNEMPLOYMENT ASSISTANCE

1. *Unemployment Assistance: The Initial Breakdown.*

DURING the years 1935-37 Unemployment Insurance worked smoothly and expanded according to plan, but the new system of unemployment assistance was frequently in trouble—both political and administrative trouble. Indeed, the political breakdown in the first few weeks of 1935 was spectacular; and the first-fruits of the scheme, which was supposed to take the dole out of British politics, were so disappointing that for a moment they actually threatened the stability of the Government.

The new Unemployment Assistance Board made elaborate arrangements for taking over the Transitional Payment cases at the New Year, 1935. Their regulations for administering the new national scale of allowances (see Appendix II) were approved by Parliament and, subject to Labour objections to any needs test, were generally considered to be satisfactory. If there was to be a national formula of relief, this was the way to handle it. The provision for married men with two or more children seemed to be not ungenerous. For the rent question—one of the many enigmas of relief—an automatic scale had been prepared. And finally the Government had made the important declaration that the unemployed applicants should be

£3 million a year better off as a result of the new arrangements.

On the whole it looked as if the Board's new formulary was a useful contribution to the science, if not to the art of poverty relief. Unfortunately art rather than science proved to be more than half the battle! What neither the Board nor anyone else knew was how their 800,000 clients would fare individually under the sudden and almost rigid application of the new Whitehall formula. The expectation was that many would obtain small increases of payment; they would be a majority. Others would suffer decreases; they would be a minority. No accurate forecast of the number and extent of the cuts was practicable, and it seems to have been assumed that all those families who had hitherto been paid more than the Board's scale had either been pampered by a lax or corrupt local P.A.C. or had concealed some of their resources. In fact, the "excess" payments were due to many causes. Some were political in origin, others were due to the deliberate and honest policy of the local P.A.C. in meeting full rent or ignoring most of the earnings of working members of the applicant's household. Many were sheer hard cases which, as a result of the more intimate knowledge of local Relieving Officers, had been granted high assessments, but not too high.

Into this mélange the Board's uniform scale¹ cut with startling results. The reductions, both small and large, proved to be more numerous than had been anticipated, and some of them were monstrously large. No provision had been made for applying the cuts in stages. In three weeks the industrial towns of England, Wales and Scotland were in an uproar. There were

¹ See Appendix II

protest meetings, marches, and deputations from outraged local P.A.C.s. Members of Parliament of all parties reproached the Government. A serious political crisis threatened.

The embarrassment of the Government was all the greater because, politically, they were entangled in their own barbed wire, the wire they had erected for their own defence. According to the Act, Ministers and Parliament should have stood aside and left the U.A.B. to handle the crisis. That, at least, was the view of the Board. Moreover, the Board held that the public clamour was exaggerated beyond all reason and that, if the Government stood firm, in a few weeks all would be well. On the other hand, it was clear that a serious miscarriage had occurred. Centralization had been too hasty and overdone; local standards must, after all, be respected. And what finally settled the matter was the awkward discovery that, instead of spending £3 million more on the Transitional Payment class, the U.A.B. were likely to show a substantial saving on the current year. That seems to have been a decisive factor with the Cabinet.

Finally, a somewhat humiliating compromise was arranged and embodied in temporary legislation, known as the Standstill Act of February 1935. Pending a thorough inquest into the whole business, it was laid down that applicants should get the best of both worlds. The increases under the regulations should stand, but not the decreases. All cuts would be restored and all new cases would be considered, first, under the new scale and, second, as if transitional payments under the assessments of local authorities had continued. Applicants would get whichever rate of payment was most favourable to them. The

Standstill Act also postponed indefinitely the Second Appointed Day, on which the ordinary poor law cases would be taken over

There ensued a troublous time for the Unemployment Assistance Board. This complicated double standard was an appalling business to work. The Board's Area Officers had to consult the local Public Assistance Officers on practically every case. What would the P.A.C. have paid? The answer was often sheer guesswork. The known facts were insufficient. Some local authorities raised their standards in 1935 and 1936 avowedly to force higher payments from the Board. Owing to the size of the Board's districts, some of their area officers had to consult five or more local P.A.C.s.

However, the work was patiently accomplished and it quieted the political storms. And, since anything which had that result was, for the authorities, a blessing not lightly to be thrown away, the unseemly dual system actually endured for nearly two years, i.e., from February 1935 until near the end of 1936.

The breakdown of the first regulations had brought about the fall or promotion of one excellent Minister of Labour, and his successor was not in a hurry to produce another crisis. The Minister was indeed in an unenviable position. For all practical purposes the attempt in the 1934 Act to detach the executive from the legislative arm had failed. The Minister found himself held responsible to the country for a State department whose administration he could not control, except through the cumbrous medium of new regulations. And even in the matter of the regulations the initiative lay with the Board, not with the Minister. The political frailty of the new scheme was thus made manifest. Centralized relief proved to be

more sensitive to the breath of criticism than any decentralized system had ever been. It became a permanent bone of contention in national politics. The only way for the Government to keep out of trouble in 1935 was to raise the allowances and pay them, even at the risk of some abuse of public funds. The Board's policy developed accordingly and their payments expanded. They encouraged in their district officers a generous interpretation of the regulations and a use of their discretionary powers which seemed to go beyond anything revealed in the original plan.

Such discrimination between individuals and districts is indeed the key to the successful treatment of poverty and human distress, but it should not always involve *higher* payments to the applicants. In 1935 and 1936 the nice adjustment of treatment to cases meant, in practice, adjustment upwards. In about one quarter of the 600,000 cases current at the end of 1936 the official determinations showed discretionary increases. What is perhaps more remarkable is the fact that 72 per cent. of the Board's clients lost nothing by the Means Test, i.e., none of their resources were taken into account. They got the full scale payment or more.¹

Another illustration of the Board's good-will was shown by their anxiety to make the most of their welfare powers. They could, for instance, see to the re-equipment of poor homes with bedding and household necessities. These were non-recurrent needs and were met by lump sum payments over and above the weekly allowances. Apparently applicants were too slow or too diffident to ask for this special assistance. An inquiry was therefore made in 14,000

¹ See U.A.B. annual report for 1936, p. 60

cases, and in 10,000 of these, exceptional needs were found to exist and were duly met by payments of 20s. to 40s. or more. This was a spontaneous action, requiring no little tact on the part of the Board's officers, who were not usually admitted to bedrooms. Often stigmatized because the investigation was into means as well as into needs, these visits were, in fact, obviously a boon to the householders. Normally, of course, and for the great majority of applicants, the investigator's call would be no more than a formal monthly check-up on family income, etc., but all needs are not material and occasionally the local officials were able to do some constructive case-work. Voluntary help as well as the social services of Local Authorities were brought to bear on the right applicants.

The natural result of this kindly policy was to create a more peaceful atmosphere. What with the curious concessions of the Standstill Act and an earnest desire to avoid grievances, most of the Board's applicants were satisfied with their treatment. Thus, the Appeals Tribunals¹ set up by the U.A.B. to deal with hard cases had very little work to do. Not 1 per cent. of the applicants ever reached them and, in the vast majority of appeals, the Tribunals found no good reasons for increasing the Board's determinations. Decreases on appeal were almost unknown (there were forty-one in 1936).

But no system of poverty relief has ever yet been 100 per cent. perfect. In Britain it had been too harsh in the Victorian era, too lax in Napoleonic times, when Justices of the Peace had boundless discretionary powers. Abuses are almost bound to

¹ The Appeals Tribunals, 138 in number, consisted of a chairman, appointed by the Minister of Labour, a representative appointed by the U.A.B., and a nominee of workpeople.

creep in. There is little doubt that the expansive policy of Unemployment Assistance during 1935 and 1936 began to show its bad as well as its good effects among the off-insurance unemployed. Easy, more generous payments coincided with and presumably caused more malingering and more refusals of work than usual. The U.A.B. had, of course, been armed with powers of dealing with what the Act mildly termed "cases of special difficulty." Assistance might be given only in kind (food tickets, etc.) or entrusted to a member of the applicant's family. A "special" might be required to attend at a work centre, possibly a centre maintained by a local P.A.C., or he might be sent to a workhouse. Finally, he might be expelled from the favours of the scheme.

It is clear that, in the first two years, the U.A.B. refrained from making any real use of these disciplinary powers; they were still feeling their way and their political position was none too secure. Moreover, the fears of Ministers had to be considered. The Board were, in fact, unable to exercise that freedom which their charter gave them and the undesirable elements among their miscellaneous "family" undoubtedly flourished. Out of at least two million clients coming to them for shorter or longer spells, but a negligible fraction seem to have been dealt with as "specials." Of these, five were required to enter a workhouse. No local work centres were set up and no use was made of the centres maintained by P.A.C.s. Admittedly the selection of persons for anything like deterrent treatment is invidious and difficult. And the Board's officers had not the same powers as the local P.A.C.s for dealing with neglected children or sheer malingering. Yet the need of measures of rehabilitation and discipline and differentiation of

treatment was becoming increasingly obvious. Thus the Board's officers from the North-East Region reported that a disquietingly high proportion of young men between eighteen and thirty had accustomed themselves to living on the dole and were not prepared to inconvenience themselves in order to become self-supporting. In all areas of severe unemployment there was a strong disinclination to accept training. From the London region the following case, quoted from the Board's Annual Report for 1936, is typical of hundreds in that area: An applicant aged 32 had a wife and 4 children under 7 years. Apart from a short spell of work in 1936, he had done little or nothing since 1931 when he earned as a labourer 48s. per week. The U.A.B. gave him 40s., whereas his unemployment insurance benefit would only have been 38s. per week. In fact, his allowance during a short spell of sickness had been as high as 44s. His physique was good and, in the local circumstances, his long and continuous unemployment must have been largely his own fault. The most reasonable explanation was that his ordinary wages, less deductions for fares and for State insurances would only leave him about 43s. 6d. and, to his mind, the margin of 3s. 6d. was not worth the strenuous effort of a week's work.

And what can be made of this case? A youth, married, had been a very irregular worker in hotels, when not mixed up with the "Unemployed Workers' Movement." Failing to qualify for benefit, he was a client of the U.A.B. and received from them 24s. per week scale rate, plus 5s. extra on various pleas, mainly his young wife's sickness. That meant 29s. relief as compared with his scale of 26s. insurance benefit. Among the low grade jobs he was fitted for

was that of a kitchen porter, for which the wage was commonly 25s. per week, plus meals. He said that he preferred to be unemployed at 29s. per week. And, not being an insurance claimant, he escaped the disqualification for six weeks on the ground of refusing work and had no waiting days before his unemployment allowance began to accrue. There have, of course, always been such difficult people, but prior to 1935, they were left to the Public Assistance Committees and, in London, this man would undoubtedly have been sent to one of the Residential Training Colonies run by the L.C.C. In that event he would probably have preferred to take a job.

This is the unsympathetic side of unemployment and poverty relief, but it represents a persistent problem. Deplorably low earnings are at the root of part of the trouble. Also, flat rates of wages, without any family allowances, always complicate relief problems. But higher wages cannot be secured by means of higher public relief; England learnt that lesson prior to 1834.

In the relief of poverty the golden rule is that there is no golden rule! Nothing but the closest attention to individual needs and the freest possible differentiation of treatment on personal grounds can ever be quite successful. In this most human of all social services ethical considerations cannot be ignored. Local committees have never, in fact, ignored them. Whether the necessary flexibility can ever be achieved by a centralized department under Treasury control seems to depend upon how far ordinary civil service rules can safely be set aside and how far the local staffs can be allowed to go. Moreover, individual case work is very expensive and already, in 1937, administrative costs of the centralized scheme of

Unemployment Assistance were mounting to nearly twice as much per case as the Transitional Payments scheme which preceded it. (See also Appendix III, Table C.)

It must, however, be reported that, during 1935 to 1937, no voices were raised in protest against excessive payments, refusals of work and malingering. In the House of Commons, Members of Parliament had no zest at all for any unsympathetic line of criticism. To be judicial on dole questions was considered invidious. In any event, very few members possessed both the necessary detachment and knowledge of the facts to be accepted as prophets. Conditions differed considerably between districts and between classes of individuals, but the sympathies of the British public, aroused by the long tragedy of the Special Areas, was generalized to cover all the unemployed everywhere; the less deserving and those whose continued unemployment was more or less deliberate, got the advantage of it.

Objections and criticisms of the scheme were all the other way. In Parliament small grievances were continually alleged and the Opposition kept up a formal barrage against any kind of needs or means test. The Trades Union Congress made the legitimate point that the cost of living index was rising slowly but steadily throughout the whole period and, on this ground, they demanded further increases in the scales of allowances. As for the unemployed people themselves, they showed their characteristic generosity to one another. They did not get worked up about local abuses or the excess payments to their more fortunate neighbours. Differences of the order of 15s. per week under the "Standstill" were accepted as a matter of luck between families of like circumstances.

The authorities, for their part, knew that they were making the lot of many of the U.A.B.'s clients more eligible than that of similar claimants to contributory benefit and that a considerable body of employed workers was actually earning less than was paid to either of these two classes of unemployed. This anomalous and topsy-turvy position was embarrassing, but so long as it did not cause any conspicuous trouble the best course appeared to be to ignore it. To keep the unemployed contented and in health so far as possible was what the country wished for, and no great harm would, perhaps, come of a temporary abandonment of the "less eligibility" doctrines of 1834.

2. *The Revised Regulations and The Second Appointed Day.*

It was in this atmosphere that the Board and the Government spent seventeen months contemplating the unpleasant necessity of plunging once more into the breach and presenting new regulations which would liquidate the Standstill Act and its double standard. The delay had its uses. By the middle of 1936 the U.A.B. had steadied down. They were lucky in operating on a rising market. They had far fewer clients. (See table B in Appendix III.) Cautious administration and emphasis on the most sympathetic aspects of their task, had somewhat strengthened their hold. The time had come to set free the Board from their bondage to the local P.A.C.s and to fix the Second Appointed Day. The tactics adopted were based on three simple concessions; first, the national scale of allowances of 1935 was to be improved; second, the family means test rules were to be eased for nearly everybody; and, third, the liquidation of such P.A.C. assessments as were still above the Board's scale must be tentative and gradual.

The more generous scale would at once bring increases to over one-third of the applicants, but the cuts would be deferred. They would be spread over a period of eighteen months from the date of the regulations (16 November, 1936) and would only be enforced after careful consultation with local opinion. For this purpose the power to utilize Local Committees, not previously exercised, acquired a wholly new importance in the scheme. Local Advisory Committees of independent people would be at once a protection to the Board and a means of educating an influential section of public opinion in the realities of the Board's task. The risk of trouble with the Committees had to be faced. Their recommendations on certain questions might be embarrassing, but they could not safely be ignored, unless they ran very wild. The consequent variations of standard as between one area and another were now seen to be inevitable, even under a centralized scheme; the hope was that they would be small. In any case, the interpretation of the rules would be left to the Board's officials and the Appeals Tribunals.

In 1936 over 120 of these committees were set up in Great Britain ready for the new policy adopted in the 1936 Regulations. Local authorities and the Local Employment Committees of the Ministry of Labour made nearly half the nominations. The Committees were invited:—

(a) To modify the Board's new rent rules in accordance with local conditions.

(b) To make suggestions for the step by step liquidation of excessive payments under the Standstill Act.

(c) To help the Board on the welfare side of its functions.

(d) To assist with the cases of special difficulty, in

the main, cases of applicants who showed indifference to work or irresponsibility in their domestic arrangements.

A detailed description of the second edition of the Board's Regulations would be out of proportion in this book, but the revised scale of allowances is shown in Appendix II. The new provisions, as a whole, were necessarily complex. On the one hand they revealed a further extension of thought and of definition in Poor Law doctrine; the Board thus showed its readiness to learn by experience. On the other hand they covered a further retreat from the impossible ideal of national uniformity and a written code of rules for all classes of applicants. All the varieties of circumstance and need which were familiar to the Poor Law authorities were found to be prevalent among the Board's clients. The division of the able-bodied unemployed into a few simple categories was found to be impossible; indeed the whole method of categories was seen to have severe limitations. Probably never before have Government regulations been drawn with so many references to "exceptional circumstances," to dealing with individuals on their merits and to the necessity of more and more discretionary action by local officials—in other words, to the inapplicability of legalistic regulations. For instance, the doctrine of a scale of allowances for single persons living alone was practically abandoned. There was, indeed, no other course when the individual's arrangements for board and lodging were the crux of the matter and there were found to be some twenty-eight different kinds of boarder. Again, the Board's original automatic adjustment of rent according to the size and composition of the family was discontinued. All kinds of personal adjustments and

local variations were admitted. There was no end to the variety of circumstance in which an applicant householder might take in lodgers. More freedom of action and generosity was also found to be needed in dealing with the conundrum: how much of the resources of the sons or fathers of applicants should be allowed (i.e., ignored) for the personal requirements of the person possessing the resources? Finally, preparation had to be made for a considerable re-adjustment of policy and of scales in rural areas, especially in view of the prospective transfer of agricultural workers to the U.A.B. on 1 April, 1937, which was the date now fixed for the Second Appointed Day.

Undoubtedly these changes and easements were all in the right direction, having regard to the human side of the Board's task and the realities of poverty relief. They were, however, not so easy to reconcile either with Treasury principles or the professional code of our national civil service. The door was opened to the capricious use of discretionary power by officials and to the arbitrary favouring of one citizen as compared with another.¹ Sums of money amounting to 10s. or 15s. per case, in excess of the regulation scale of weekly allowances, might be involved. Either this exercise of local discretion must itself be regulated by central rulings or, sooner or later, there would be

¹ "Never before in modern times has the ordinary citizen been dependent on the 'discretion of an official,'" says Mr. T. S. Simey in discussing this aspect of the Board's policy and machinery. He goes on. "Undue strain on this part of British political organization has been avoided either by making use of locally responsible committees or by placing very narrow restrictions on the scope of the schemes (thus reducing 'discretion' as near as possible to the absolute minimum)." (*Principles of Social Administration*, p. 159.)

In this connection the marked later tendency of the U.A.B. to devolve what amounted to executive powers upon nominated local Advisory Committees will be noted. The discretionary action of the Committees was, of course, not in substitution for that of the local officials, but complementary thereto.

anomalies and abuses in administration such as our civil service has justly prided itself on eliminating. The equal handed practice of the law might be then in danger. Even political jerrymandering⁵ might enter by the same door and do more damage than it ever did under the systems of local relief. Pressure might, some day, be exercised either centrally or locally to secure the expansive or restrictive use of these vague discretionary powers. In other words the price of adjusting centralized administration to meet human realities was found to be the loosening of some of the main rigidities of the 1934 model and a return, in some measure, to the "dangerous" methods of the local Poor Law and of Transitional Payments. The fault lay, not with the U.A.B., but with the Act itself.

The second edition of the regulations¹ caused no excitement and was well received. Other issues occupied the political scene and the U.A.B. were no longer in the limelight. Their task and that of the Minister of Labour was also immensely eased by the satisfactory drop in unemployment. In November 1936, as soon as the revised regulations came into force, average allowances increased quickly from 23s. 9d. to 24s. 8d., and discretionary additions to the scale rates became more general than before. Anomalous payments under the Standstill Act were continued for some months and then were supposed to be gradually reduced to the revised scale in consultation with the Local Advisory Committees.

Officially, the process of liquidation continued into 1938, but often the "standstill" payments were not reduced at all; they were maintained by use of the discretionary power. A great variety of individual

¹ The revised scales are shown in Appendix II.

circumstances were found to justify additions to the fixed scale. The good status of a household, e.g., an orchestra player, was one. Later, in October 1937, a more general cause of increases was announced. The rise in the price of some commodities, together with the coming of the winter months were held to have created special conditions. A complete review of the Board's register was undertaken and discretionary increases were made by local officers where more than half the available resources of a family were provided by the Board's allowances. Altogether, by the end of the year, it seemed that less than half the Board's clients were being paid strictly according to the regulation scale. Politically, the revised regulations and their interpretation were a success for the Board. No mistake was made this time and everything went according to plan.

There were, however, some awkward corners to turn when the responsibilities of the Board were extended to the full on the Second Appointed Day—1 April, 1937. The main difficulties were comprised under two heads, first, taking over the Poor Law class, and second, administering needs payments to people who were also claiming insurance benefit.

It was bound to be an awkward business to transfer 100,000 able-bodied cases from the local P.A.C.s to the U.A.B., even if the category of the able-bodied had been clearly defined. Many of these poor people were long-standing clients of the Poor Law who preferred to stay where they were, and saw no reason to apply as required for transfer to the ampler bosom of the new central authority. A number of them were actually in local institutions, but, under the Board, they would have to find domiciles of their own. On the other hand, the local authorities had no desire

to keep them.⁴ It was, of course, the object and duty of the P.A.C.s to get as many of their Poor Law clients off the rates as the law would allow. Nor did they forget that the Act required them to contribute £2 million a year to the Board's finances in recognition of their projected savings on this able-bodied unemployed group.

The framers of the 1934 Act had never clearly envisaged the problem of who should be taken and who should be left. There had been a misunderstanding of the real composition of the so-called "able-bodied" class at the lower levels. The spirit of the whole scheme was that the Board should admit applications for assistance from all genuine unemployed and employable wage-earners. But the Act was loosely worded; it only required the applicant to show that he was a person whose "normal occupation" was employment within the scope of the Contributory Pensions Acts and that he was "capable of and available for work." The words "normal occupation" were left quite undefined in the Act; in any case they would have been exceedingly hard to interpret. The local authorities put up cases of men who had done nothing at all for twenty years, of women who had lived at home for ten years, of people who had only recently come to this country, of hawkers who had done a spell of wage-earning ten years ago and so on. They also placed a very generous interpretation on the words "capable and available," producing certificates of fitness for persons who could never hope to compete in the labour market. The Board's officers rightly tried to keep these people at bay, but every time they rejected a Poor Law client as being outside the scope, the local authority had the right of appeal to the chairman

of an Appeals Tribunal. Such appeals were widespread. In the border-line cases the answers were really a toss-up, or at any rate, empirical.

During the initial take-over about 45,000 out of 130,000 cases were rejected by the U.A.B., but the problem is, of course, continuous. The Distressed Areas were not at all satisfied, having counted on a larger saving to the local rates. Probably they made (and will make) a point of asking for more. They would like the whole of out-door (home) relief, including the aged, the sick and the widows, lifted from their shoulders. That, indeed, is one solution which may yet be forced upon the State. Meanwhile the question which Government must abide is whether, short of this more drastic excision from the local services, it was wise to tamper with the poor law at all. They could have kept to the narrower, but fairly well marked territory of the Transitional Payments scheme. The fact is that, at this stratum of miscellaneous poverty, there is no logical dividing line. Any dual system of national and local relief services is bound to produce anomalies, both social and financial.

The other new problem confronting the Board after 1 April, 1937, was in relation to claimants to unemployment insurance benefit. It fell to the Board to fill *three* different gaps left by the insurance scheme, gaps which were deliberate and necessary under benefit rules, but which might cause some benefit claimants to be in want. Previously the satisfaction of such needs had been the responsibility of the local P.A.C.s; now it fell to the Board. A fairly stiff line had been taken by nearly all P.A.C.s against such applications. What would the U.A.B. do?

Firstly, there was the waiting period between the receipt of the last week's wage and the first day on

which benefit could be paid by the local Exchange. The official waiting period had been reduced from six to three days early in 1937, partly in order to obviate the necessity of such applications for assistance before benefit started, but even so, a gap of nine days was still possible owing to the fact that benefit was only paid on one day in the week, usually a Friday.

The second difficulty was similar: what was to be done with applications from insured people who had incurred the statutory disqualification for benefit (up to six weeks) for voluntary leaving, misconduct or refusal of suitable employment? To treat them on the same terms as other applicants for assistance would mean that the insurance penalty might be meaningless. They might do as well or better with the U.A.B.

Thirdly there were (and always had been) a certain number of hard cases, where the amount of weekly insurance benefit could be held to be inadequate for maintenance. If there was a large family or more than one adult dependant or a high rent or a combination of these, some local P.A.C.s had given relief of a few shillings to eke out the fixed scale of benefit. Such supplementation had been common in Glasgow and South Wales, but rare in the country as a whole. Now the P.A.C.s were out of the picture. What policy should the U.A.B. follow? If an extensive practice of duplicating insurance benefit with unemployment assistance were allowed to grow up, the result might be demoralizing. Both schemes would be damaged.

Clearly the U.A.B. recognized these danger points, for the numbers accepted for payments towards the end of 1937 were still very small. It seems that, under all three categories of "insurance gaps," less than 9,000 cases per week were assisted at a time when

the Board's register was over half a million. Various means of discouraging applications were apparently being applied. But, here again, the problem was a continuing one. There was still a potential conflict of policy which might ultimately have to be determined by something more than administrative devices.

The same may be said of several other problems of demarcation and potential competition between the U.A.B. and previously existing services. For many years the Ministry of Labour had developed training centres for men, women and juveniles. A special and successful technique had been worked out and the Act of 1934 reinforced the Ministry's powers. But the same Act also charged the Board with the welfare and training of unemployed people, including those drawing insurance benefit. Indeed, the Board's jurisdiction was wider than that of the Ministry but, up to the end of 1937, the Ministry still controlled practically all training. (See Chapter VI.) It was the task of recruiting new trainees that fell to the U.A.B.

Vis-à-vis the local social services the Board's front line showed many awkward salients and indentations. The poor law, with its night and day local service, had to take all cases of sudden and urgent necessity and any poverty arising from strikes or lock-outs. Naturally, they also cared for the needy unemployed over sixty-five who could not live on their pension, the non-working widows and orphans and all the other rejected "out-of-scope" cases referred to above. The U.A.B. could relieve the financial needs of a client's household due to the sickness of one or more dependants, but not those due to the sickness of the applicant himself unless for a few days, usually a full

pay week. A sick man is, of course, not available for work. The provision of children's boots and school meals was debatable ground between the Board and certain Education Committees. Which authority should pay for boots? And their ideas of need might differ. The institutional care of the children of U.A.B. applicants was another difficulty. Clearly the relief of these and other varieties of need had nothing to do with unemployment, but a great deal to do with the functions of the local Health, Housing and Education Authority. Here again, therefore, the difficulty of dividing the relief of poverty into unreal categories was apparent.

3. *An Interim Conclusion on the U.A.B*

Looking back on the first years of the U.A.B. experiment, it seems clear that, in 1934, obligations were undertaken in Whitehall, the nature and extent of which were not realized and that the political results were misjudged. The authors of the Unemployment Assistance scheme were intent upon administrative and financial reform—a tidier system. Being experts in central government and having devised the technique for more than one new and complicated service in the recent past, they were not going to be daunted by anything so old and familiar as the poor law or poverty relief. True, the poor law was often in trouble, but that was due, not to any inherent complexities in the thing itself, but to faults of local administrators and local politics. Whitehall methods would soon improve on all that, at least, so far as the able-bodied poor were concerned. Incidentally, they would “dish the Whigs,” i.e., those politicians who had preached for years that *all* unemployment must be made a national charge.

They had no ears for those who warned them that here at last, in this comparatively humble field, was a service which could not so readily be reduced to codes and rules, and that straight nationalization was no solution of that ancient problem of organized society—how to distribute needs payments to citizens in their homes, without abuse and on an orderly and equitable plan.

Thus it was that Parliament was led to create the centralized service of Unemployment Assistance Board. There were then three independent authorities for dealing with the able-bodied unemployed: the Ministry of Labour with its Unemployment Insurance, Employment Exchanges and Training Services; the Unemployment Assistance Board with its independent local machinery; and the Public Assistance (Poor Law) Committees of Local Authorities. Both the U.A.B. and the P.A.C.s were destitution authorities, distributing cash and other relief according to a measure of need, but the first was a Government department with a national scale of allowances, while the second were statutory committees of separate municipal bodies, financed out of local rates plus Exchequer block grants and gently supervised by the Ministry of Health.

Up to the close of 1937 the U.A.B. had, perhaps, not had enough time to settle into its proper place, but it looked as if readjustments might be necessary. The scope and reference of this new national eleemosynary Colossus seemed to be either too wide or too narrow. It was not properly geared either to the national unemployment insurance scheme or to the local assistance services and it tended to compete with both. Its semi-independent status had not yet proved a political success; the Board could not, if

they would, pursue any course other than that which Ministers thought prudent and were willing to pay for. Centralization had turned out to be a more costly experiment than had been expected. Moreover, uniform adherence to a national scale had proved impracticable and devolution of responsibility on to local officials was already well developed. Considerable *de facto* powers were also being placed in the hands of nominated Local Advisory Committees, whose appetite would inevitably grow by what it fed on. Yet they were bodies without any financial interest and with no District Auditor to discipline them.

These variations on the original rigid model were, indeed, improvements from the social point of view. The question was whether they would not lead on to fresh dangers and dilemmas ahead. It was, indeed, a complex and unenviable task that confronted the U.A.B. How to win and retain a reputation for humane and considerate service, and yet to discipline the spongers and the work-shy? How to satisfy the requirements of the Treasury which had to find the money and yet to permit sufficient flexibility of local administration to cope with the infinitely varied problems of a constructive social assistance service? How to secure the help and protection of informed local opinion (Local Advisory Committees) without too much dislocation of the national pattern or too great a departure from Treasury principles?

It can be said to the credit of the Board, that they had made a resolute attack upon their problems. They had lived down the ill effect of their unhappy start and had, in three years, established a national assistance service which was respected and even popular; no odium whatever attached to their

allowances. Last but not least, they were served by a staff which showed every sign of being competent and eager for its great tasks. Two of the Government's main objectives had also been attained: they had removed a dangerous issue, or a large part of it, from local municipal elections, and had forged a flexible instrument of their own with which to relieve poverty due to unemployment, instead of being dependent on the agency of the local P.A.C.s.

As a footnote to the above, it may be permitted to wonder what would have happened if the locally administered and centrally financed Transitional Payments Scheme, 1931-35, had not been abolished, but had only been reformed and tightened up. With all its safeguards and restrictions of scope and scales, that scheme avoided most of the dilemmas on which the central authorities impaled themselves as a result of Part 2 of the 1934 Act. It lived better with its neighbours (insurance and the Poor Law). It would have been far more economical to administer and would not have set up national standards of relief which may prove embarrassing if bad times come again. In 1937 the number of off-insurance applicants qualifying for payments would probably have fallen to about 400,000, the great majority of whom would have been in the distressed regions. (See Appendix I.) After 1936, the scope of Transitional Payments, being identical with unemployment insurance, would have been extended to cover agricultural workers. A mixed residue of poor persons would have been left to the local authorities and, in some areas, especially during a severe slump, the rates might have been overstrained. But the problem of local government finances is with us anyhow. Such a cautious scheme would not have been showy. The question is

whether it would not have corresponded better with social realities and have rendered the constructive development of our social services considerably easier than it now is.

CHAPTER V

SPECIAL MEASURES FOR SPECIAL AREAS

1. PRELIMINARIES TO THE COMMISSIONERS
2. SOCIAL IMPROVEMENTS AND SUBSIDIES TO LOCAL RATES
3. SUB-ECONOMIC OCCUPATIONS
4. SUBSISTENCE PRODUCTION SCHEMES
5. LAND SETTLEMENT
6. THE RE-CREATION OF INDUSTRIAL EMPLOYMENT
7. POSTSCRIPT ON THE SPECIAL AREAS

CHAPTER V

SPECIAL MEASURES FOR SPECIAL AREAS

1. *Preliminaries to the Commissioners.*

THE preceding chapters have outlined various national policies which applied to all unemployed workers throughout the kingdom. Superimposed upon these policies a group of special measures was gradually adopted for the assistance of areas where unemployment was more intense, more persistent and, to a large extent, different in kind from that which afflicted the rest of the country. The coalfields of South Wales, Durham and South-West Scotland were the prime examples of "abnormal place" unemployment. Here there was a large and apparently permanent contraction of labour demand with no other form of local employment available. The shipyards on Merseyside, Clydeside and Tyneside were in a similar case for ten years, but these were also large distributive centres and some alternative industries existed. Parts of the cotton districts of Lancashire suffered another variant of special distress. In all these regions unemployment tended to be two or three times greater than the national average. Isolated places showed a percentage as high as 70 for years on end.

In 1928 the Industrial Transference Board drew attention to the tragedy of these black spots and to the

human and social decay that had already set in. This led to the active stimulation of the migratory movement with Government assistance. It was the first move in the formulation of *ad hoc* measures for selected areas.

At one stage some 25,000 people had been assisted overseas, mainly to Canada, by the Overseas Settlement Committee, but most of them seem to have come back none the better for their failure. Canada was herself in trouble after 1929. Even transference at home to the Midlands and South of England suffered a severe check from the special depression of 1929-30 and from the crises that followed. Many migrants returned to their homes and settled down to eke out a fairly hopeless existence on the dole for years to come. For two or three bad years nothing significant was done. Indeed, in the general slump, nothing seemed possible. It was only after 1933 when the tide of national recovery was well on the way, but did not reach the forlorn communities, that the contrasts became so conspicuous that they could no longer be ignored. Then the plight of the distressed regions came increasingly before Parliament and the public sympathy grew with understanding. In April 1934 the Government were moved to appoint four investigators, all of them important people and two of them in the Government, to report upon the conditions in Durham and Northumberland, South Wales, West Cumberland and South-West Scotland. These four reports (Cmd. 4728) did not mince matters and they led to prompt action.

The Special Areas (Development and Improvement) Act was passed in December 1934. Two Commissioners were appointed, one for England and Wales and one for Scotland, with temporary powers

supplementary to, but not overlapping with, those of existing Government departments. They were to act under the Minister of Labour and the Secretary for Scotland respectively, and were thus indirectly under Treasury control.

Their functions were described as "the initiation, organization, prosecution and assistance of measures designed to facilitate the economic development and social improvement" of the areas covered by the investigations mentioned above. These became henceforth *The Special Areas*, but it will be noted that they did not include all the districts of abnormal and persistent unemployment.

The Commissioners were a new experiment in the technique of government and their appointment was criticized by two opposed schools of thought. One held that they would only be a fifth wheel to the coach and would have insufficient new powers or money to do anything effective. They could not, for instance, promote or aid any undertakings carried on for gain. How, then, could they be expected to set up new industries? Mere relief works would never cure unemployment. The analogy of the Tennessee Valley Authority in the U.S.A. was quoted by way of contrast. The other and the more official view was that they were a dangerous experiment in regional differentiation and that they might set up new strains and stresses in the relations between central and local government. Preferential treatment for arbitrarily defined regions would never work.

In the event neither of these forebodings was realized, but the first was a better guess than the second, in so far as the powers of the Commissioners to establish industries had to be extended in the spring of 1937. This was a result of the forceful pleading of

the English Commissioner. The Treasury purse strings also had to be loosened as time went on.

As things turned out the Commissioners did much beneficent work. There was a remarkable concentration of effort, official and voluntary, upon the areas, but, up to the end of 1937, no startling transformation had been effected in the unemployment position. Between December 1934 and September 1937 the total unemployed registers for the Areas dropped from 347,000 to 210,000, a decrease of 40 per cent. during the period. But these figures are misleading. They conceal much migration; they do not distinguish between unemployment which amounted to a local calamity and that which was a personal matter or was of the ordinary intermittent variety common throughout the country. Part of the improvement was due to the general recovery, rather than to any special measures taken. What was left was still a large and intractable problem.

The Commissioners were disappointed and said so, but their comparative unsuccess in the first two years was not really due to lack of money or lack of powers. There were deeper reasons—a complex of economic and human obstacles, which could neither be ignored nor easily overcome. On the one hand the old forms of local labour demand could not, for the most part, be revived. Shipbuilding was an exception. In coal a sporadic recovery was partly neutralized by increased mechanization. Nor could new enterprises be forced to grow up merely in order to create employment. On the other hand, it was increasingly discovered that the energy and morale of many of the workless coal-miners, etc., had been damaged and sapped. Many individuals, both young and old, had been debilitated by long immobility on the dole, and

were, by now, very hard to help. Even the social service schemes had their debilitating side. Perhaps the most intractable problem of all was the condition of some 80,000 men over forty-five who had become practically a standing army of unemployed.

The one remedy which worked continuously and powerfully on the whole complex situation was the old and "natural" remedy of migration. Under the spur of necessity and fear, the more enterprising men, women, boys and girls, singly or in families, moved off to a change of place and of work. In the sixteen years after 1921, some 650,000 people evacuated the seven Special Area counties in England and Wales. At least half these were wage-earners. Probably the total movement was very much greater, because there was always a back-wash to the home areas of trans-ferees who failed to settle down. Many a man from Wales or the north moved to and fro to the south three or four times, with and without the aid of public funds. Where did they go? Undoubtedly the majority tried their fortune in London and the south-east of England. In six years, between 1929 and 1935 the population of Greater London grew by 550,000, including 250,000 insured workers. Whether such vast tribal migrations were good or bad either for the Metropolis or for the areas of emigration or for the country as a whole will not be decided for years to come. The Ministry of Labour transferred officially 250,000 workers in the ten years from 1928, but the movement was never planned and in a few years it may well be reversed. It was an "individualist" exodus, stimulated by some Government help¹ and it happened in spite of the "socialist" provision

¹ The help included free fares, removal expenses, and even, in the case of juveniles, the supplementation of wages.

of a guaranteed maintenance (on a needs test) in the home areas. The same thing occurred under much harsher conditions in the great Lancashire cotton famine in 1861-64, in the half million decline in agriculture after 1890, and in countless other economic dislocations that have occurred throughout history.

All this is not to say that the Commissioners were ineffective. Their industrial schemes made little progress at first. Training and transference were outside their scope and they had nothing to do with the administration of benefit or unemployment assistance. But they did immense good in rendering social conditions more tolerable for the large populations left behind in town and village. From the first, they acted as fairy godmothers to every sort of social or ameliorative scheme for old and young. They promoted a relatively large measure of land settlement and group holdings. Towards the end of the period covered by this book, they laid the foundations of industrial development and actually began to create new employment. Indeed, their economic schemes, especially the Trading Estates, may be experiments that will make history. In total, their financial commitments were large, reaching the figure of over £13 million for England and Wales and £5 million for Scotland by the end of 1937.

Only a summary of the Commissioners' many useful activities will be here attempted. Those readers who want detailed information can find it in the Commissioners' reports for 1936 and 1937.

2. *Social Improvements and Subsidies to Local Rates.*

Taking first the many-sided schemes subsidized by the Commissioners under the heading of Social

Improvements. They could assist the capital costs of any local service comprised under the Ministry of Health's block grant system. Large grants were given for health services, milk for mothers and children, housing associations, swimming pools and amenities to attract tourist traffic. A similar social purpose was served by the assistance of numerous private agencies for building Community Centres, running summer camps for school children and other good causes. In the summer of 1937 upwards of 44,000 school children were given spells in camps. None of this expenditure had much to do with unemployment; it was directed rather to maintaining the quality of all kinds of corporate services and aiding local government. Directly or indirectly some £5 million was thus allocated in aid of local rates in the areas up to the end of 1937. Even so, the rates in some of the areas were phenomenally high, partly owing to a diminishing rateable value (sometimes excessively reduced by local councillors as a deliberate act of policy), but mainly owing to the increasing burden of public assistance. The real problem was the costly relief of the aged and sick poor, whose numbers were growing steadily in relation to the rest of the local population. The extensive migration of the young able-bodied was always liable to produce this result.

3. *Sub-economic Occupations.*

Some day a better name will be coined for this type of provision for unemployed, particularly elderly unemployed, men. The word "Sub-economic" is here used to describe schemes of occupation with profit, but not sufficient profit for self or family maintenance. The idea itself is of high importance; the practice is

still in the early experimental stages. For the most part, in the Special Areas, it took the form of subsidized Group Holdings, "Subsistence Production," Cottage Homesteads and Allotments. All these projects had a common purpose and several common factors. They gave an interest in life and a wholesome exercise, with the added incentive of material reward, a man could use or sell his product. They were therefore a more serious business than the Voluntary Occupation Centres and voluntary labour schemes described in Chapter I above. At the same time they were not officially classed as employment and did not disqualify for benefit or assistance. Almost all the men were elderly (over forty-five) and long-spell clients of the U.A.B., but, in assessing their allowances, no account was taken of any small profits they made. There was, of course, a kindly fiction in all this: the men were not, in fact, unemployed. Neither the Group Holders of land up to half an acre nor the Subsistence Production men were, while so engaged, seeking work for wages. They might, indeed, most of them, have been removed from the Employment Exchange registers. Some sort of public pension would have been a more fitting way of furnishing their maintenance, wholly or in part, but no such pension scheme was available before the age of sixty-five.

The agricultural Group Holdings running poultry, etc., were a manifest success in Wales and the north. They resembled a modest form of land settlement not aiming at independent status. Over 3,000 men participated in them, receiving initial guidance from the County Councils and the Land Settlement Association. The men, of course, remained in their own homes. There was no migration. The result

was that the scheme was limited to villages and small towns where suitable land was available near at hand. Cottage homesteads and allotments also involved agriculture. The former were always associated with family migrations to places outside the Special Areas where the young people could get ordinary employment. The parents ran the quarter-acre holding. Allotments belonged to the same type of provision, but were, of course, not inconsistent with full-time employment whenever it came along.

4. *Subsistence Production.*

Here we come to something more exciting—a valiant experiment in consumers' co-operative production without wages or profits, recalling Robert Owen's communities at New Harmony, etc., over 100 years ago. The chief example was the Eastern Valley Production Society, organized by Peter Scott, in Monmouthshire from 1935 onwards. (Another was in Lancashire, not a Special Area.) With the aid of substantial grants (over £70,000) from the Special Areas Fund, Peter Scott founded farms and workshops for some 350 ex-miners in Wales. The food, milk and other products were distributed to each according to his hours of labour and considerably raised the standard of life of the co-operators. Here again, membership of the society was held to be no bar to the continued receipt of unemployment allowances.

If the cost of establishing such subsidized ventures was much greater than that of Group Holdings, so also were the economic possibilities. They might in time almost provide men with a full maintenance. In reality the results should not be measured in terms of money only, but in terms of human lives rescued from premature decay. Most of the "subsistence"

men were aged forty-five or over and were unlikely to obtain ordinary and regular jobs in their home areas. The Production Schemes carried on, but they depended so much on personal leadership and other factors which do not widely occur, that they were never likely to become a general panacea for the industrial ills of the areas.

5. *Land Settlement.*

Plans for the settlement of men, particularly family men, on the land of England have always been a natural reaction to industrial depressions. As a first-rate cure for unemployment the return to primary production and the growing of food has never lacked advocates. Some, indeed, in each generation have dreamed of the creation of an Arcadia of hundreds of thousands of small-holders. They were over-sanguine. The thing itself, though practicable within limits, is an exceedingly tough proposition and an expensive one. After the world war it was tried on a great scale for ex-service men. Some £12½ million were spent in setting up 16,000 smallholdings. It was a loose and slapdash scheme, and in the bad seasons that followed 1920 it failed disastrously.

But the ideal itself lived on. In 1934, a new and a more cautious approach was made to the problem by the creation of an expert Land Settlement Association with semi-official status and Treasury assistance. Co-operation with the County Councils was originally intended to be the method of operation. But a few months later the Association became the agent of the newly-appointed Commissioner for the Special Areas in England and Wales and, in that capacity, the bulk of its subsequent work was done. Twenty-five estates were acquired in various parts and something like

900 families were brought in after fairly careful selection. But smallholders are born, not made, and the unemployed register in the industrial towns is hardly the best place to find the latent "genius." Men who had been idle on the dole for years were not very promising material. There were bright exceptions, but, on the whole, prospective settlers were not easy to attract or retain. Their training was carefully planned over a period of fifteen months, U.A.B. allowances being continued meanwhile. Every detail of organization, both technical and social, was attended to by the Association. A warden, a central farm and collective marketing were provided on each estate. Nothing was spared to make the experiment succeed.

The average holding required about £1,000 of capital, of which at least £700 was in respect of the land and cottage. A fair rent and easy charges for amortization of part of the loan were to be paid by the tenant. The rest was a free gift.

Up to the close of 1937 only a few men had been launched to make their own way on their holdings of from three to ten acres apiece. Would they be able to make a living? Much would depend on the seasons and on the market prices for poultry, pigs and garden produce, but it seemed likely to be a near thing for many of the settlers without some continuing financial aid. In 1937 the Commissioner for England and Wales fixed the maximum extension of aided land settlement at 3,000 families to cost £3 million up to the end of 1938.

It is not necessarily a criticism of the Government's policy to add that plenty of farm workers and others already on the land would have jumped at the chance of these well-furnished small-holdings and would have

made good on them. As it was, the movement of the urban industrial unemployed on to the land was accompanied by a steady drift of skilled land workers into unskilled urban or industrial employment, which would actually have been more appropriate for the unemployed.

6. *The Re-creation of Industrial Employment.*

Industries and employment were what the hard-hit areas needed, but for the first two and a half years the Commissioners could only offer very minor inducements to "business." They could and did keep up the local services and render the districts less unattractive. They could improve land and deepen harbours and even lay out new Trading Estates, but these things did not in themselves suffice to attract new enterprises or cure the real evil. What the Commissioners wanted, and what they obtained from Parliament in 1937, was the power to make grants to private enterprise in remission of rent, rates and income tax. Here was a new, unorthodox, perhaps dangerous, form of persuasion, but, taxation being what it was, it seemed to be a potent means of quickening the pace.

Insufficiency of capital might also be a need. This was attended to, firstly by the Special Areas Reconstruction Association, which had been set up in 1936 as an official ancillary to the Bank of England, and secondly, by the £2 million Nuffield Trust, with free and independent powers. In addition, from May 1937, the Treasury was authorized by Parliament to make loans to new undertakings in the Special Areas. One way and another, it could be said that a new enterprise might hope to escape all capital charges for five years. Such privileges were unprecedented in

the case of private enterprise. The Ministry of Labour also offered training facilities for any special types of labour required. (See Chapter VI.)

Thus armed, the Commissioners went ahead with their trading estates at Team Valley in Gateshead, at Treforest in South Wales and at Hillington near Glasgow. Schemes for small outlyers were also prepared. Light industries were, in the main, the objective, and businesses of modest size. Factories were erected ready to rent; others could be built to design. Good roads and communications with markets were assured so far as possible. In the Team Valley Estate, fifty-eight factories, employing about 6,000 workers, were already contracted for in 1937. Here and elsewhere the scheme was catching on. As a further, but negative, inducement the English Commissioner urged that the drift of factories towards Greater London should be checked in the hope that they would then come to the Special Areas instead. No further industries should be allowed in overgrown London without a licence. This request was not granted; indeed, it might have been unworkable. In any case, the trend to the south-east was at last being checked by the real scarcity of labour, especially the light and cheap labour of women and juveniles, around London.

It should be added that, by the year 1937, the Government's armament contracts were making themselves felt in the Special Areas. Some orders, indeed, were placed there by preference. Further, the Commissioners were able to create or recuperate various undertakings quite apart from the new trading estates. The steelworks at Consett and Ebbw Vale were major illustrations.

No doubt these experiments in the guided and

subsidized location of industry were valuable; they will grow to larger stature and bring much relief. As they grow, policy will have to be adapted to needs. Exceptional privileges may have to be withdrawn and, from this point of view, it might be healthier that the trading estates should not grow too quickly. Their concentration on light industry employing female and juvenile labour will have to be watched. Planning of this kind is a very recent science. We have much to learn. Maybe that a proper weighing of the economic, social and defence factors will still leave us faced with the necessity of large migrations of population. A centrifugal movement from Greater London, for instance! At the moment the Special Areas were the sore spot. Immediate local treatment was doubtless indispensable. But it is the people, not the places, that matter and their ultimate interests will best be served by measures which make for the well-being of the country as a whole. The Royal Commission on "Location of Industry," set up in 1937, and other planning agencies will presumably take all these things into account in making proposals for a truly national or regional policy.

The Special Areas Act of 1934 is due to expire in 1939. In that event, certain welfare functions of the two Commissioners need not lapse with the Commissioners themselves. They could be transferred by Order in Council to the Unemployment Assistance Board. Other Government departments could wind up the various commitments of the Commissioners which might remain outstanding.

7. Postscript on the Special Areas ; a Debate.

The national response to the complex of problems raised by the Special Areas was hesitating and

indecisive. For ten years the Government was admittedly baffled by these regional collapses. It is true that public and private charity of manifold kinds was forthcoming, that voluntary migration was encouraged and that towards the end of the period industrial re-development was getting under way. But no radical remedy was attempted for the deplorable state of the million or more men, women and children who remained derelict. Was there an alternative way? Would a more clear-cut and decisive policy have liquidated the problems which the half-measures of the Government simply served to prolong? To these questions many critics, with more logic and less responsibility than the governments of 1926 to 1937, would unhesitatingly answer, Yes! But the critics themselves would be divided into two sharply opposed schools. On the one hand would stand the Logical Individualist, on the other, the Logical Socialist.

The Logical Individualist would argue somewhat as follows:

“Assuredly the verdict of history upon you will be that your whole policy of sympathetic palliatives was a tragic failure—especially in these areas. You were kind only to be cruel! The result is that, after ten years of decay and dependence upon outside help, even the restoration of all the areas as places of industry will never lead automatically to the restoration of the people as self-supporting and self-helping citizens. Even a brisk demand for all kinds of labour will be no cure for *their* unemployment. Long-drawn-out compulsory idleness has sapped the vitality of their minds and bodies, and the narcotic of the permanent dole has finished the havoc. A subnormal life has become a habit to thousands, and if you want

eligible workers in these places you will have to import most of them from elsewhere. These people, once they had exhausted their benefit rights, should never have been publicly maintained so long as they insisted on remaining among the ruins of a collapsed economy. In like calamities, both in modern and ancient history, *laissez-faire* was left to do its proper work. Men were compelled to show initiative or die. And the workhouse system of the 'nineties really meant that. Ruthless? Yes. But it was the only way to call on man's deepest instinct, the instinct of self-preservation. Those with courage survived and were the better for it afterwards."

To this the Logical Socialist would reply:

"But, thank God! there is to-day a great uprising of the human spirit against your method of unmitigated individualism! We cannot leave derelict sections of men and women, either at home or abroad, to save themselves as best they can. In a more civilized age our social sympathies and obligations forbid it. When fate is too unkind, the State *must* interfere and the State was right to interfere in the Special Areas. The trouble with the policy of British governments is that it has been too half-hearted in its socialism. If we had been thorough and logical, we should have given even more generous maintenance, but we should have followed it up with the provision of work and wages, any work, anywhere, that would serve the purposes of the planned community. Most men would have taken the work willingly enough, but there would have had to be the final sanction of compulsion in the background. For the few who malingered or who flatly resisted compulsory transference, where that was unavoidable, there would be nothing for it but to impose penalties, say a spell in

a Labour Colony. We must face that. By such means the ex-miners of Durham and South Wales would never have been left to atrophy in their villages, and pretty bad villages at that! Still less should we have had a generation of young people growing up in these places and taught to look on such conditions as natural."

Finally, both critics would agree on one point: that, in this great matter, British governments had halted between two opposing doctrines and lost the true benefit of both. To all of which the Government spokesman would probably reply: "On the contrary, we and the people of the areas have *got* the benefit of both. Our gentler methods and practical good sense have saved at least as much from the wreck as either of your dogmatic policies and have had the rather important advantage of not doing violence to public opinion." The apologist might, however, well feel, though he would not admit it openly, that for solving the *residue* of the problem, with which, in 1937, the country was still faced, the only hope was to take a leaf out of the Logical Socialist's book. In coming to this conclusion he would be assisted by the counsels of the Commissioner for the Special Areas in England and Wales who, in his third report (November 1936) said:

"There is too large a number of young men in the Special Areas who are content to live in idleness as State pensioners and are unwilling to make any effort to find work. They have grown up in an atmosphere of idleness; they have never had a chance of experiencing the inspiration of work or the pride of earning a living for themselves and their family; they are, in fact, demoralized by the seeming inevitableness of unemployment. Even if this situation derives from

Circumstances beyond their control, one must realize that such men represent a most unhealthy element in the body politic, and everything possible should be done, *in their own interests*, to save them while still young from growing up into a discontented 'unemployable class, battenning on the State and a ready prey to every subversive influence. The danger is great, but fortunately the numbers at present are not unduly large. The remedy surely is obvious and must, I believe, commend itself to everyone who has the interests of the country and of the men themselves at heart. These men can only be saved from themselves by a measure of compulsion. Reasonable allowance should be made for family circumstances, but suitable young men who are fit and able to take up a course of instruction, which offers good prospects of employment on completion, should not be permitted to stay at home in idleness. When this occurs, the deliberate rejection of opportunity to work becomes an abuse of freedom, producing consequences harmful to the individual and to the State, which cannot rightly remain timorous and inactive in the matter because some of its citizens may deem any form of compulsion undesirable, or fail to differentiate between the objects of its application."

CHAPTER VI

TRAINING THE UNEMPLOYED

1. THE G.T.C.'S.
2. THE INSTRUCTIONAL CENTRES
3. WOMEN'S TRAINING
4. INDIVIDUAL VOCATIONAL TRAINING
5. JUNIOR INSTRUCTION CENTRES

CHAPTER VI

TRAINING THE UNEMPLOYED

SEVERAL references have been made in earlier chapters to the Ministry of Labour's training schemes for workless men, women and juveniles. Britain was a pioneer in this field and her official and unofficial experiments constitute an important addition to the technique of coping with serious and prolonged unemployment.

Any all-round unemployment policy that is worthy of the name must be many-sided. Maintenance is not enough. There are the physical and moral results of enforced idleness to be considered, and the question of future re-employment. Ideally, there should, from time to time, be accurate forecasts of the changing incidence of labour demand. This is an elusive business, but it is not so difficult to recognize the differences between dwindling and expanding areas of employment. At the same time the analysis of the unemployed register must be carefully watched. On the one hand there will be the "normal" types: i.e., the short spell, short time and seasonal unemployed, the chronic drifters, the elderly men and the married women; on the other will be the abnormal: i.e., the long-spell men under forty-five and the young men and women who have never had a fair chance of a start in life. No one medicine will be good for all these types. Apart from maintenance,

wide differentiation of treatment is indicated. And it is from these facts that the various kinds of training and occupation schemes have evolved.

But it was not always so. Until recent years, relief works, chiefly with pick and shovel, were the usual British response to this complex of needs. In other countries work relief is still fashionable, but, even when conducted with the profusion and variety of the Works Progress Administration in the U.S.A., or the practical idealism of President Roosevelt's Civilian Conservation Corps, they are a crude, wholesale remedy in comparison with selective methods of training and rehabilitation. They cover far larger numbers, but only at the cost of much waste of effort and money.

The comparison with earlier relief works can, however, easily be overstrained. In essence, British schemes of re-training should, perhaps, be regarded mainly as an educational venture, specially devised to assist the transference of selected workers to new employments in new places. Actually the origins of training in England go back to the war, when many thousands of partly disabled ex-service men were successfully re-equipped for various ways of making their living. Indeed, the care and thoroughness of "unemployed training," which began in 1925, owed much to that earlier tradition.

Few people realize either the extent or the variety of the official efforts in this field since 1925. Already about 173,000 men and boys, 80,000 women and girls have benefited in mind and body by training during unemployment, while about 1,400,000 juveniles have passed through Junior Instruction Centres since 1923. In 1937 there were at least five distinct types of training or instruction furnished or financed

by the Ministry, with the Unemployment Assistance Board co-operating in matters of policy and recruitment. Expenditure on training is shown in Appendix III, Tables D, E and H.

1. *The G.T.C.s.*

First there were the Government Training Centres (G.T.C.s) with 6,500 places (half of them near London) for those men who were fitted to learn a skilled trade. Unfortunately the places could not all be used; it was exceedingly hard to recruit enough men who were both suitable for training and willing to move away from home. Yet, 98 per cent. of the men who completed the course and reached the improver stage in metal or woodwork, etc., were placed in good jobs. Indeed, the Ministry could not turn out engineers' improvers fast enough. There was a growing shortage of skilled men even in Jarrow-on-Tyne and other depressed regions. The offer of training was not confined to the Special and scheduled depressed areas; it was extended to every area of heavy unemployment, where the younger men had poor chances of getting a start in life. In the building and engineering trades, training was offered to all areas, without exception. Moreover, refresher courses were run for ex-workers in engineering who had lost touch with their trades or who, having had an earlier course of training, had fallen once more into unemployment. Everything possible was done to bring the volunteers forward, to meet their difficulties and allay their fears. Inside the Special Areas five preparatory centres were opened where local men were invited to come in and try a six-weeks' course. If they liked it and found that it was not a "Slave Camp" they might be tempted to accept transfer to

a full course. Free medical and dental treatment was provided for men whose lack of health was an obstacle. For men not fitted for the heavier trades, there were courses in hairdressing and neon-sign making. They could become cooks and waiters at the Park Royal Centre near London. In fact, Park Royal became a short cut from Tyneside and the Rhondda to the Savoy and the Dorchester hotels. Not many of the patrons of these establishments could have known that they were being expensively fed and waited on by ex-miners!

The only bounds put to the possible extension of such skilled training was the shortage of volunteers and the fact that every ex-trainee was practically guaranteed a job at the end. In the matter of successful placing the Ministry of Labour felt its responsibilities rather acutely. Also the G.T.C.s were far from cheap. A six months' course ran into nearly £50 a man, including keep, with tools and fares provided. The trainees, of course, were found board and lodging and given a small allowance (5s. per week) for themselves. Their dependants, if any, were also cared for.

Late in 1937 there was an important new development. It had always been a source of complaint that men who joined the Army were discharged in the bulk of the cases after six or twelve years' service without any industrial experience or training. They were thus thrown on to the labour market and left to find such jobs as they could in competition with men who, by the time they reached a similar age, had long passed the apprenticeship stage and had become fully skilled tradesmen. While it was true that a certain proportion of the men learned skilled trades in the Army, broadly speaking, this complaint was justified.

Under the new scheme, the Ministry of Labour undertook to train serving soldiers for industry in the last six months of their colour service. Four of the Ministry's Training Centres were reserved entirely for soldiers, and it was intended that every soldier, who seriously wished to be trained, would be enabled to enter the labour market when he was discharged, if not fully skilled, at any rate as a man who had the necessary grounding to enable him to be certain of a job. In connection with this scheme the Ministry increased its available training places to over 7,500.

2. *The Instructional Centres.*

Another and more extensive form of training institution for the unemployed was the Instructional Centre. The number of these varied from fifteen to twenty, with about 20,000 admissions in a year. Their purpose was, not to teach a trade, but to cater for men of the labourer type. They were agencies of physical and moral rehabilitation, giving men a twelve weeks' course of fairly hard work, good feeding and mild discipline. In the early years it was not easy to find useful work which these trainees could do, but later, the problem was solved by co-operating with the Forestry Commission. Where new State forests are to grow, there is always a big preliminary job in clearing the sites. This meant that many of the centres were in remote places (e.g., in the Grampian Hills), a factor which did not always commend itself to the men. Some of the Land Settlement Estates were also prepared, cleared and furnished with roads. Unlike the G.T.C.s, all the Instructional Centres and their Summer Camp extensions were residential.

Enrolment for these centres was extended in 1936

to the whole country, and a new course was started for men from the London area at Rendlesham, in Suffolk. Even so, the recruiting of sufficient voluntary trainees remained a steady problem. No wages¹ were paid for the work done, and this gave an opening to hostile propaganda. It was not trade union criticism that amounted to much after the first few years; it was the agitation of the irreconcilable communist element that kept suspicion alive. The trainees themselves nearly always found the work and play and the square meals congenial enough and said so, but, none the less, some of them were drawn away by the trouble-makers, even after they had started a course.

Interwoven with this was the steady improvement in ordinary employment and the increased chance of getting wages. Men preferred to stay at home and be free. Undoubtedly, too, there were among those who still waited for work in the Special Areas many men under forty-five who were not, in fact, good enough either for G.T.C.s or for Instructional Centres. Their loss of quality might be attributable to years of misfortune or to their own fault, but, in either case, it remained true that, unless the Ministry took good human material into their centres, it could never turn out successful trainees. A selective policy was essential; indeed, it may be doubted whether, in the later years, the standard was not already somewhat too relaxed.

On the other hand, there was always the question before the authorities: ought they not to compel many more young men to come in for their own good? The

¹ In the American Civilian Conservation Corps, a wage of 30s per week was paid to volunteers in addition to board and lodging. On this basis some millions of young men were ready to go to the camps.

evidence increasingly suggested it. For many years the Public Assistance Authorities had found an element of compulsion indispensable and some of them had run training colonies for their more persistent able-bodied applicants. Now these same types of men were the clients of the U.A.B. The difficulty lay, not in the lack of power to send men to training as a condition of relief, but in the political odium of using the power and in the very real doubt whether a compulsory trainee was not a contradiction in terms. Could an unwilling man be made to co-operate in the work and play at the centres? The answer seemed to lie in the further differentiation of the types of centre provided, but up to the end of 1937, no action had been taken along these lines.

3. *Women's Training.*

Unemployed women and girls were not overlooked. There were training facilities offered to some of them on much the same plane as the G.T.C.s for men. Women who had been factory hands and girls down to the age of fifteen, who had never been anything much, were taught the various domestic arts, including cookery, needlework and laundry. There were both residential and non-residential centres and about 2,000 trainees were taken in every year. For these there was little difficulty in finding employment either in hotels or private homes. Outfits for the young girls from Durham, South Wales, etc., were provided free on a considerable scale. The area of recruiting was not restricted, but here again there was no rush of trainees. All this work was supervised, not by the Ministry of Labour direct, but by the Central Committee on Women's Training and Employment, the origins of which also dated back to the early days of the War.

4. *Individual Vocational Training.*

Both for men and for women, grants could be made by the Ministry for individual training in any occupation where it could be proved that such training would improve the applicant's chances of regular employment in the future. In addition, apprentices, in professions such as that of Chemist or of Marine Engineering or Ship's Officer, could be assisted to pass the examinations which would qualify them to take up employment. Young people in unsuitable or blind-alley jobs could be assisted to take courses in radio-engineering or shorthand. Usually the grants took the form of an unconditional payment of benefit during the course, the student not being required to be available for work during that period. This procedure was, of course, not in accordance with the normal rules of insurance, but it was in the Act.

A notable point is that all these ventures into "education" were made not by the Board of Education, but by the Ministry of Labour.

5. *Junior Instructional Centres.*

In Chapter II reference has already been made to the centres of instruction set up for young people who were unemployed and under the age of eighteen. The 1934 Act marked the clearer definition of national policy in this vital matter and a greater determination to get things done. The schools were conducted by local education authorities under the central administration and generous subsidy of the Ministry of Labour. They were a kind of day continuation school, attendance at which was compulsory in certain selected areas. By the end of 1936, the requirements of the Act were being enforced in the whole

or part of 200 Employment Exchange areas, chiefly in the depressed regions of South Wales and the North. In October 1937 the number of courses had fallen below 170, with an average attendance of 22,000 boys and girls.*

*But a serious weakness lay in the policy of establishing centres on the shifting sands of unemployment. No school could be started or maintained unless there were fifty juveniles attending and likely to go on attending. Nowhere was it possible to say how long that condition would last. The brighter boys got employment quickly and the average period of attendance was little over three weeks. Active juvenile transference from the Special Areas played a part. Yet on the whole, the extended movement did splendid service. Many girls and boys were given what amounted to a new start in life. New discoveries were made in the art of blending practical and academic instruction, and in the art of handling these adolescent wage-earners of fifteen or so, who were no longer children. The pity was that the employed could not enjoy the same advantages as the unemployed young people. In other words the success of the J.I.C.s, wherever they had a fair chance, added another potent argument in favour of compulsory part-time day continuation schools for all—a blessing of which England had already had a fleeting glimpse in the short-lived Fisher Act of 1918.

As a means of administering this section of the 1934 Act, the Ministry of Labour was empowered to make regulations to compel employers to notify to the Exchanges all discharges of juveniles under eighteen. No regulations were in fact made, but the object was secured by requiring employers to post the juvenile Unemployment Books to the local Exchange instead of

handing them to the discharged person as in the case of adults. But the new arrangement did not work well. It was too cumbrous. The juveniles shifted from one employer to another quicker than their books. The fact was that, taking Britain as a whole, from 1935 onwards, juvenile labour was in greater demand than supply, a condition which is likely to become still more acute in the near future, when the school age is raised and the adolescent population begins to dwindle.

APPENDIX I

GEOGRAPHICAL ANALYSIS

Table showing an analysis by Ministry of Labour Divisions of the number of applications admitted for insurance benefit and unemployment allowances at certain dates in 1936 and 1937, together with the percentage of unemployment among insured persons. (The Agricultural and Special Schemes are excluded from the insurance figures in cols. 1 and 2.)

	14 DEC., 1936			18 OCT., 1937		
	1	2	3	1	2	3
	Percentage of Unemployment	Claims to Insurance Benefit admitted	Applications for Allowances authorized	Percentage of Unemployment	Claims to Insurance Benefit admitted	Applications for Allowances authorized
		'000	'000		'000	'000
London	6.5	111	30	6.0	104	33
South-Eastern .	7.8	49	11	6.4	43	14
South-Western	9.0	54	19	7.3	43	16
Midlands .	7.7	82	50	6.9	80	42
(Totals for four Southern divisions)		296	110		270	105
North-Eastern ..	11.6	83	56	9.8	73	49
North-Western	15.7	148	118	13.0	127	118
Northern	21.4	52	94	16.2	40	78
Scotland	17.5	95	100	14.5	78	12
Wales .	26.3	53	96	21.3	45	77
(Totals for Northern divisions and Wales)		431	464		363	434
Totals all divisions	12.0	730	578	9.9	636	544

(The totals take account of the units omitted in the divisional figures.)

The table shows:

(a) The unequal distribution of unemployment between the south on the one hand and the north and Wales on the other. The insured population in the first four divisions is slightly larger than in the last five, yet the total recipients of benefit and allowances were, at both dates, more than twice as numerous in the north as in the south.

(b) That the maldistribution of unemployment as between the north and the south was marked, not so much by the benefit claims as by unemployment assistance. Applications to the U.A.B. were more than four times heavier in the north and Wales than in the south. Even in the north the concentration was sporadic, not general.

(c) That the U.A.B.'s cases were spread so thin in the greater part of the country, particularly the south-west, that this fact alone created an administrative problem. It was doubtless a factor in the relatively high cost of the Board's administration, which was 11.7 per cent. of the total paid out in Unemployment Assistance. (See also Appendix III, Table C) Agency arrangements with the existing local authorities would apparently have been more economical, but were doubtless open to countervailing objections. It will be noted that, although the figures for 18 October, 1937, relate to a period after the Second Appointed Day (1 April, 1937) and therefore include some 80,000 Poor Law cases in Col. 3, the total applications for unemployment allowances nevertheless fell from 578,000 to 544,000.

APPENDIX II

SCALES OF UNEMPLOYMENT ASSISTANCE

The first scale of weekly allowances was fixed by the Unemployment Assistance Regulations, dated 21 December, 1934, and the second by the revised Regulations, dated 28 July, 1936.

First Scale (1934)

Part 1

Where the application is made by a person living as a member of a household consisting of 2 or more persons

(a) For the householder and the householder's wife or husband .. 24s

(b) For the householder (where rate is not applicable) (Male) 16s
(Female) 14s.

(c) For each other member of the household—if aged 21 years or over
For the first such member (Male) 10s.
(Female) 8s

For each subsequent member (Male) 8s
(Female) 7s

If aged 18-21 years (Male) 8s
(Female) 7s

If aged 14-18 .. 6s

— 11-14 .. 4s 6d.

— 8-11 .. 4s

— 5-8 .. 3s. 6d

Under 5 .. 3s

(d) Where the household consists of one child in addition to not more than two adults, that child's allowance shall be not less than 4s

(e) In any household of more than five members the total for that household shall be reduced by 1s for each member in excess of five.

Part 2

For a person living otherwise than as a member of a household of two or more persons.

(a) If aged 18 years (Male) 15s.
(Female) 14s.

(b) If under 18 years (Male) 13s.
(Female) 12s

Second Scale (1936)

1. Where the applicant is living as a member of a household consisting of two or more persons, the scale allowance shall be a sum calculated as follows—

(1) There shall be ascertained the total amount provided by the following scale for the applicant and any other member of his household whose needs are to be included.

For the householder and the householder's wife or husband 24s.

For the householder where the above rate is not applicable (Male) 16s.
(Female) 15s

For members of the household to whom the foregoing rates do not apply—

If aged 21 years (Male) 10s.
(Female) 9s.

— 16-21 .. 8s.

— 14-16 .. 6s.

— 11-14 .. 4s. 6d.

— 8-11 .. 4s

— 5-8 .. 3s 6d.

Under 5 .. 3s.

Where the household consists of only one child in addition to not more than two adults, that child's allowance shall be not less than 4s.

NOTE. Both the first and second scales covered an allowance for rent. A basic rent was assumed in accordance with the size of the family and the allowance was adjusted, within limits, where the actual rent was higher or lower than the assumed basic rent. The actual method of calculation was altered in the revised regulations and, in practice during 1937, full rent was usually paid.

APPENDIX III

THE COST OF UNEMPLOYMENT

TABLES A TO J

Table A measures the average number of unemployed in each year and the following tables B to J show the annual national expenditure (1930 to 1937) on all the principal services in Great Britain for the relief or treatment of unemployment. The figures relate to the financial year, April to April.

While each separate table has an intrinsic interest of its own, either statistically or as a reflection of government policy, the totals assembled together comprise nearly all the constituent elements required for estimating the total annual bill of costs for services specifically related to unemployment. This cumulative total, which is shown in Table J, is manifestly a figure of some importance in the national economy. It is large, but it cannot be taken as a completely comprehensive or scientific measure of the total cost of British unemployment. There are many items that escape. To begin with, no account is taken here of the pre-1931 practice of financing public works schemes (relief works) with the special object of relieving unemployment. The dubious assumption must be made that full value was obtained for the capital expenditure by the Unemployment Grants Committee of over £30 million a year in 1930 and 1931. Then there is the Poor Law expenditure of local authorities which has always been and is still largely influenced by unemployment (see pp. 82 and 41) and the same may be said of other forms of local social assistance. Even the public cost of sickness may sometimes be higher because of unemployment. But none of these local services have, since 1930, been designed for the unemployed as such, and it is

scarcely practicable to disentangle the precise share of their cost which should be directly attributed to unemployment. Nor is any account taken here of the annual loss of contributory income to the National Health Insurance and the Pensions Funds, amounting to over £3 million a year for every million units of average unemployment among insured persons. The building up of an unemployment arrears fund for Health Insurance is described on page 61 above.

These, however, are indirect losses or costs and the following tables relate only to direct expenditure on insurance benefits, U.A.B. allowances, employment exchanges, training, transference, Special Area schemes and their administration. As regards administrative costs (chiefly staff and premises) it cannot be said that these always bear any direct ratio to the degree of unemployment. National services can only possess a limited flexibility. The national system of Employment Exchanges would still be necessary even if unemployment fell to 2 per cent.; and the same applies to the machinery of unemployment insurance and the U.A.B.

Naturally the cash payments to the registered unemployed, shown in Table B, dominate the financial scene. They are responsive to various independent factors which frequently work in opposite directions as regards total cost in any given year. Thus in 1932 average unemployment was higher than in 1931, but the cost was less owing to benefit cuts, the means test, etc. On the other hand, in 1935 to 1937, the costs of payments did not fall in anything like direct proportion to the fall in the live register. This was due to the restoration of benefit cuts in 1934, the Standstill Act and the progressive improvements in allowances and the needs test under the U.A.B. Looking back on the whole seven-year period, it is clear that British policy towards the unemployed has been expansive and that unemployment services have increased both in importance and in complexity. Figures quoted by the Minister of Labour in the House of Commons in November, 1937, showed that, although unemployment was, on the average, 140,000 less

in 1937 than in the pre-crisis year 1930, yet the total amount paid out in benefits and allowances was £4 million more and the costs of administration were £900,000 more. If the calculation had also included the added costs of the ancillary "treatment" services, shown in Tables D to I, the discrepancy would have been notably larger.

TABLE A

THE TREND OF UNEMPLOYMENT IN THE SEVEN-YEAR PERIOD.
AVERAGE LIVE REGISTER FIGURES AT EMPLOYMENT EXCHANGES
(MEN, WOMEN AND JUVENILES)

1930-31	...	2,201,595
1931-32	...	2,646,769
1932-33	...	2,789,703
1933-34	...	2,385,005
1934-35	...	2,147,244
1935-36	...	1,978,219
1936-37	...	1,659,308
6 months to	}	1,398,175
30.9.37		

TABLE B

EXPENDITURE ON INSURANCE BENEFIT, TRANSITIONAL PAYMENTS AND UNEMPLOYMENT ALLOWANCES, EXCLUDING COST OF ADMINISTRATION, DEBT CHARGES, ETC.

The figures in brackets (cols. 2 and 3) are the average weekly numbers of payments in each year

1	2	3	4
Financial Year	Insurance Benefit	Transitional Payments (1931 to 1935), Unemployment Allowances (1935 to 1937)	Total
1930-31	£ 73,019,726 (1,940,000)	£ 19,246,939 (30,741,749)	£ 92,266,665
1931-32	80,144,368 (2,380,000)	30,741,749	110,886,117
1932-33	54,150,199 (1,330,000)	50,399,700 (988,000)	104,549,899
1933-34	40,170,280 (1,022,000)	48,442,096 (951,000)	88,612,376
1934-35	43,784,776 (1,016,000)	42,199,362 (761,000)	85,984,138
1935-36	42,701,203 (945,000)	42,414,887 (705,000)	85,116,090
1936-37	35,320,551 (784,000)	37,428,605 (600,000)	72,749,156
6 months to 30.9.37	14,713,000 (662,000)	18,368,000 (590,000)	33,081,000

Note (1)—The figures for 1930-31 and the first eight months of 1931-32 relate to the pre-crisis period during which the contribution tests for standard benefit (col. 2) were relaxed and (in col. 3) the secondary payments were known as Transitional Benefit. The effects of the tightening up of benefit rules, the cuts and the introduction of the Means Test, set off against an increase of unemployment, are shown in the financial year 1932-33.

Note (2)—In col. 2 the costs of insurance benefit may be regarded as being met to the extent of two-thirds by the contributions of workers and employers and one-third by the Exchequer. The actual contribution revenue drawn from industry varied between less than £30 million in the bad years and over £44 million in the prosperous years. In the earlier years debt accumulated and in the later years it was being repaid.

Note (3)—The benefit figures for the year 1936-37 and the six months to 30 September, 1937, include payments of agricultural benefit.

TABLE C

COST OF ADMINISTRATION OF INSURANCE BENEFIT, TRANSITIONAL
PAYMENTS AND UNEMPLOYMENT ASSISTANCE

Year	Insurance Benefit	Transitional Payments 1931-35 and Unemployment Assistance 1935-37	Total
	£	£	£
1930-31	5,601,845	1,069,546	6,671,391
1931-32	5,364,061	1,632,821	6,996,882
1932-33	4,213,315	3,385,982	7,599,297
1933-34	3,755,564	3,740,233	7,495,797
1934-35	4,144,054	3,412,840	7,556,894
1935-36	4,609,391	2,642,309	7,251,700
1936-37	4,970,607	2,606,860	7,577,467
6 months to 30.9.37 (Estimate)	2,400,000	1,565,000	3,965,000

Notes.—The above figures show the cost of the services of certain Government Departments involved, mainly the Ministry of Labour Employment Exchanges. No amount is included in respect of the direct administrative expenses of the Unemployment Assistance Board, which in 1936-37 amounted to nearly £1,800,000, chiefly for staff and premises. The total administrative expenses of the U.A.B. may be put at £4,387,000 for the year.

TABLE D
COST OF TRAINING UNEMPLOYED MEN

Year (1)	Government Training Centres (2)	Instructional Centres (3)	Farms (4)	Other Courses (5)	Total (6)	Grant from the Unemploy- ment Fund (7)
1930-31	£ 356,958	£ 105,247	£ 64	£ 19,058	£ 481,327	£ 75,283
1931-32	270,731	70,529	4,318	10,676	356,254	61,597
1932-33	191,384	72,704	2,146	6,721	272,955	59,882
1933-34	177,943	100,379	422	6,884	284,784	64,639
1934-35	218,169	147,806	531	11,562	378,068	65,127
1935-36	342,660	154,418	705	20,438	518,221	95,312
1936-37	558,886	281,665	1,445	20,273	862,269	201,000
1937-38						
6 months to 30.9.37	198,661	74,862	571	7,708	281,802	100,000

* Excludes expenditure by H M Office of Works on land and buildings

Note.—The figures in cols 2-6 of the above table show the net expenditure after deduction of receipts from sundry sales of products and contributions by trainees for board and lodging, etc. The latter are normally deducted from benefit or U A B allowances. The grants from the Unemployment Fund, shown in col 7, provide an additional relief to the Exchequer.

TABLE E
TRAINING OF WOMEN AND GIRLS

Year	Expenditure from Voted Moneys	Year	Expenditure from Voted Moneys
	£		£
1930-31	86,218	1935-36	83,975
1931-32	99,072	1936-37	93,437
1932-33	72,803	6 months to	39,414
1933-34	69,404	30.9.37	
1934-35	69,186		

TABLE F
GRANTS IN AID OF NATIONAL COUNCIL OF SOCIAL SERVICE

Year	Amount	Year	Amount
	£		£
1932-33	1,744	1935-36	74,640
1933-34	24,912	1936-37	105,500
1934-35	53,022	6 months to	48,000
		30.9.37	

TABLE G

TRANSFERENCE

LOANS AND GRANTS TO FACILITATE THE REMOVAL
AND RESETTLEMENT OF WORKERS AND THEIR
DEPENDANTS

Year	Net cost met out of Voted Moneys	Payments by Unemployment Fund towards gross cost	Total net cost
	£	£	£
1930-31	44,693	7,150	51,843
1931-32	20,767	7,764	28,531
1932-33	9,352	5,180	14,532
1933-34	8,303	5,965	14,268
1934-35	19,410	7,965	27,375
1935-36	132,964	10,799	143,763
1936-37	317,559	15,671	333,230
6 months to 30.9 37	130,636	6,206	136,842

TABLE H
COURSES OF INSTRUCTION AND OCCUPATION FOR UNEMPLOYED
JUVENILES

Year	Net Cost	Grant from Unemployment Fund
1	2	3
	£	£
1930-31	103,729	44,407
1931-32	161,038	71,799
1932-33	150,746	63,395
1933-34	126,163	46,805
1934-35	77,441	30,478
1935-36	263,342	127,689
1936-37	348,056	181,000
1937-38		
6 months to		
30.9.37	187,408	101,000

Note—The amounts in col. 2 of the above statement show the net expenditure from Voted Moneys after deduction of receipts from sales of products, equipment, staff meals, etc. The grants from the Unemployment Fund shown in col. 3 provide an additional relief to the Exchequer.

TABLE I

SPECIAL AREAS (ENGLAND AND WALES)

NOTE: The following figures of annual expenditure are no measure of the actual commitments, the cost of which would mature in 1938 and later.

	1934-35	1935-36	1936-37	6 months to 30 Sept., 1937
Salaries and Incidental Expenses	£ 7,728	£ 27,705	£ 28,965	£ 12,081
General Expenses of the Commissioner under the Special Areas (Development and Improvement) Acts 1934 and 1937	8,379	328,015	1,455,621	1,923,356
Grants in Aid under the Special Areas (Development and Improvement) Act, 1934 . . .	9,673	175,464	230,285	
Total Expenditure	25,680	531,184	1,714,871	1,935,436

TABLE J

THE SUM OF THE ANNUAL TOTALS SHOWN IN THE FOREGOING
TABLES B, C, D, E, F, G, H AND I

Year	£ millions	Average Register as in Table A
1930-31	99.6	2,201,595
1931-32	118.5	2,646,769
1932-33	112.6	2,789,703
1933-34	96.6	2,385,005
1934-35	94.1	2,147,244
1935-36	93.9	1,978,219
1936-37	85.7	1,659,308
1937-38 (6 months only)	39.6	1,398,175